

**Technicolor Creative Studios**  
A French public limited company (*société anonyme*)  
with a share capital of €75,000  
Registered office: 8-10 rue du Renard, 75004 Paris  
892 239 690 Paris Trade and Companies Register



**PROSPECTUS IN CONNECTION WITH THE ADMISSION OF TECHNICOLOR CREATIVE STUDIOS  
SHARES TO TRADING ON THE REGULATED MARKET OF EURONEXT IN PARIS AS PART OF THE  
DECISION BY THE SHAREHOLDERS OF TECHNICOLOR SA TO DISTRIBUTE SHARES OF  
TECHNICOLOR CREATIVE STUDIOS**

The aforementioned transaction remains subject to the approval by shareholders of Technicolor SA – a public limited company (*société anonyme*) with a share capital of €2,358,245.55, whose registered office is located at 8-10 rue du Renard, 75004 Paris, France and registered with the Paris Trade and Companies Register under number 333 773 174 – in the ordinary part of the combined general meeting of Technicolor SA shareholders due to take place on 6 September 2022, or any other general meeting convened to vote on the same agenda, of the second resolution relating to the distribution of part of Technicolor SA's additional paid-in capital through the distribution of shares in Technicolor Creative Studios.



**Approval of the Autorité des marchés financiers**

The prospectus (the “**Prospectus**”) has been approved by the Autorité des Marchés Financiers (“**AMF**”), in its capacity as a competent authority under Regulation (EU) 2017/1129, as amended. The AMF has approved this Prospectus after having verified that the information contained in the Prospectus is complete, consistent and comprehensible within the meaning of Regulation (EU) 2017/1129, as amended.

This approval should not be considered as a favorable opinion on the issuer and the quality of the securities covered by the Prospectus. Investors are invited to make their own assessment as to the advisability of investing in the securities concerned.

The Prospectus was approved on 1<sup>st</sup> August 2022 and is valid until the admission to trading of the shares on the regulated market of Euronext Paris (i.e., expected on 27 September 2022), and shall, during this period and under the conditions of Article 23 of Regulation (EU) 2017/1129, as amended, be supplemented by a supplement to the Prospectus in the event of significant new facts or material mistakes or inaccuracies. The Prospectus shall bear the following approval number: 22-331.

*This version amends certain shareholding information contained in the initial version published on 1<sup>st</sup> August 2022 (see pages 17, 18, 24, 25, 43, 153, 154, 155, 156 and 179).*

This Prospectus has been prepared in the English language in accordance with Article 212-12 of the *Règlement général* of the AMF. Copies of this Prospectus are available, free of charge, at the registered office of the Company, located at 8-10 rue du Renard, 75004 Paris, France, as well as on the websites of the Company ([www.technicolorcreative.com](http://www.technicolorcreative.com)) and of the AMF ([www.amf-france.org](http://www.amf-france.org)).

## GENERAL COMMENTS

### Definitions

*In this Prospectus, unless otherwise indicated:*

- *the terms “Technicolor Creative Studios”, “TCS”, “Issuer” and “Company” refer to Technicolor Creative Studios, a public limited company (société anonyme) whose registered office is located at 8-10 rue du Renard, 75004 Paris and which is registered with the Paris Trade and Companies Register under number 892 239 690;*
- *the term “Company’s Shares” refer to the ordinary shares of the Company;*
- *the terms “Group” and “TCS Group” refer to the Company together with all its combined subsidiaries at the date of this Prospectus or at any other mentioned date where specified;*
- *the terms “Technicolor SA” and “TCH” refer to Technicolor SA, a public limited company (société anonyme) whose registered office is located at 8-10 rue du Renard, 75004 Paris and which is registered with the Paris Trade and Companies Register under number 333 773 174 and whose company name of “Technicolor SA” will be changed to “Vantiva” subject to the approval by its shareholders in the combined general meeting due to take place on 6 September 2022; and*
- *the terms “Technicolor SA Group” and “TCH Group” refer to Technicolor SA together with all its consolidated subsidiaries at the date of this Prospectus.*

### Forward-looking statements

*This Prospectus contains information on the Group’s outlook and development plans. Such information is sometimes identified by the use of the future tense, the conditional mood and forward-looking terms such as “consider”, “envisage”, “think”, “aim”, “expect”, “intend”, “should”, “has the ambition of”, “may”, “will”, “assume”, “plan”, “anticipate”, “have the objective”, “estimate”, “consider”, “believe”, “wish”, “could”, or the negative forms of the same terms as the case may be, or any other variant or similar expression. This information does not constitute historical data and must not be construed as a guarantee that the anticipated facts or data set out will actually materialise. The information is based on data, assumptions and estimates that the Group considers reasonable. It is liable to change or be altered due to uncertainties concerning the economic, financial, competitive and regulatory environment. The information is mentioned in various chapters and sections of this Prospectus and includes data relating to the Group’s intentions, estimates and objectives concerning factors including the Group’s market, strategy, growth, results, financial position and cash position. The forward-looking information in this Prospectus is provided only at the date on which the Prospectus received its approval. The Group operates in a competitive and rapidly changing environment. It may therefore be unable to anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the materialisation of a risk or combination of risks could produce results materially different from those mentioned in any forward-looking information, it being understood that none of that forward-looking information is a guarantee of actual results.*

### Information about the market and competition

*This Prospectus contains information relating to the Group’s markets and competitive position, particularly in Chapter 5 “Overview of the Group’s activities”. Some of this information comes from research done by external entities (e.g. FTI Consulting) which the Company considers reliable, has not been checked by an independent expert. The Company cannot guarantee that a third party using different methods for collecting, analysing or calculating market data would obtain the same results. The Company, its direct and indirect shareholders and investment service providers make no representation or warranty as to the accuracy of this information.*

### Risk factors

*Investors are invited to read carefully the risk factors presented in Chapter 3 “Risk factors” of this Prospectus. The occurrence of all or some of those risks could have an adverse impact on the Group’s business, image, results,*

financial position or outlook. Other risks not yet identified or not considered material by the Group at the date of approval of this Prospectus could also have an adverse impact.

### **Rounding**

Certain figures contained in this Prospectus, including financial data expressed in thousands or millions, as well as certain percentages, have been subject to rounding adjustments. Accordingly, in certain instances, the totals of such data presented in this Prospectus may differ slightly from the totals that would have been obtained by adding the exact values (not rounded) of these data.

### **Selected Non-GAAP Financial Measures**

This Prospectus includes certain unaudited measures of the Group's performance (Key Performance Indicators (KPIs)) that are not defined or recognized under the International Financial Reporting Standards (IFRS)<sup>1</sup>, including Adjusted EBITA after lease (new definition)<sup>2</sup> and Adjusted EBITDA after lease (new definition)<sup>3</sup>, Adjusted Operating Free Cash Flow after lease (new definition)<sup>4</sup> and Adjusted Free Cash Flow after lease (new definition)<sup>5</sup>. The Company uses these metrics, in addition to IFRS measures, to help evaluate growth trends, establish budgets be more comparable with its peers and market practices, and assess operational performance, and efficiencies in relation to the Group.

The Company considers that these metrics, in addition to IFRS measures, provide an enhanced understanding of the Group's results and related trends, therefore increasing transparency and clarity into the core results of the business of the Group. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or loss after tax or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. The Company does not regard these non-IFRS financial measures as a substitute for, or superior to, the equivalent measures that are calculated in accordance with IFRS. The non-IFRS financial measures presented in this Prospectus may not be comparable to other similarly titled measures used by other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

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<sup>1</sup> These non GAAP measures and reconciliations with GAAP measures are defined in Section 8.1.3. Adjusted earnings from continuing operations before interest, taxes, depreciation and amortization after lease (adjusted EBITDA after lease (new definition)) and adjusted earnings from continuing operations before interest, taxes and amortization after lease (adjusted EBITA after lease (new definition)) are not prescribed by IFRS and are not indicative of total cash flow for the Group for the periods indicated. In particular, adjusted EBITDA after lease (new definition) does not reflect the working capital requirements of the Group's operations, nor the interest expenses incurred, nor the payment of taxes, nor the capital expenditures required to replace impaired assets. Adjusted EBITDA and Adjusted EBITA do not have standard definitions and, as a result, the Company's definition of adjusted EBITDA after lease (new definition) and adjusted EBITA after lease (new definition) may not be consistent with the definitions given to these terms by other companies. In evaluating these measures, the Group may incur similar charges in future periods. The presentation of these indicators does not imply that the Group considers that its future results will not be affected by exceptional or non-recurring items. Because of these limitations, these indicators should not be used to the exclusion of, or as a substitute for, IFRS measures.

<sup>2</sup> Adjusted EBITA (Earnings before Interest, tax, depreciation and amortization) after lease (new definition) corresponds to EBIT (Earnings before interest and taxes) adjusted positively by the amortization of intangibles that arose from acquisitions or disposals (PPA amortization), restructuring costs, other non-current items, comprising Other (expenses) income, Impairment (losses) gain and Capital gains/losses, and negatively by the difference between operating lease payments and operating leases assets depreciation.

<sup>3</sup> Adjusted EBITDA after Lease (new definition) corresponds to Adjusted EBITA after lease (new definition) adding back Depreciation and amortization, excluding depreciation of usage-based IT costs, operating leases assets depreciation and Amortization of intangibles that arose from acquisitions or disposals (PPA amortization) and non-cash income and expense such as equity-settled share-based payments, including capital lease depreciation.

<sup>4</sup> Adjusted Operating Free Cash Flow after Lease (new definition) corresponds to Adjusted EBITDA after Lease (new definition), less (i) capital expenditures, excluding usage-based IT cost (without cloud rendering), (ii) capital leases cash out, (iii) restructuring cash out, (iv) change in working capital, excluding cloud rendering cash out, and (v) other non-current cash out.

<sup>5</sup> Adjusted Free Cash Flow after lease (new definition) corresponds to Adjusted Operating Free Cash Flow after lease (new definition) minus Net interest paid excluding leases and other cash financial items and Income tax cash out.

## **Websites and Hyperlinks**

*The content of the website of the Company or any member of the Group, or of any site accessible by hyperlink included on any such websites, does not form a part of this Prospectus.*

## **Group's Combined Financial Statements**

*In order to provide accounting information to understand the Group's financial position, this Prospectus includes (i) the Company's condensed combined financial statements for the six-month period ended 30 June 2022 prepared in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial statements (the "**Interim Condensed Combined Financial Statements**") and (ii) the Company's combined financial statements for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 prepared in accordance with the IFRS as adopted by the European Union (the "**Annual Combined Financial Statements**") and together with the Interim Condensed Combined Financial Statements, the "**Group's Combined Financial Statements**").*

## **Glossary**

*A glossary listing the definitions of the main technical terms and financial aggregates used is provided at the end of this Prospectus.*

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## SUMMARY OF THE PROSPECTUS

### SECTION A – Introduction and warnings

#### Characteristics of the shares

**Label for shares:** “Technicolor Creative Studios”.

**International Securities Identification Number (“ISIN”):** FR001400BWV7.

**Mnemonic:** “TCHCS”.

#### Identity and contact information of the issuer

**Legal name:** Technicolor Creative Studios (the “**Company**” and together with its subsidiaries, unless indicated otherwise, “**we**”, “**us**”, “**our**”, “**ourselves**”, or the “**Group**”).

**Registered office:** 8-10 rue du Renard, 75004 Paris.

**Place and registration number:** Paris Trade and Companies Register, number 892 239 690.

**LEI code:** 54930064SP2SSEVKFJ48.

This prospectus (the “**Prospectus**”) relates to the admission of the Company’s ordinary shares (the “**Company’s Shares**”) to trading (the “**Admission**”) on the regulated market of Euronext in Paris (“**Euronext Paris**”) in the context of the decision by the shareholders of Technicolor SA to distribute 65% of the Company’s Shares (the “**Distribution**”).

This Prospectus has been approved on 1<sup>st</sup> August 2022 under number 22-331 by the Autorité des marchés financiers (the “**AMF**”), as competent authority pursuant to Article 31 of the Regulation (EU) 2017/1129, as amended (the “**Prospectus Regulation**”). Contact details of the AMF are as follows: 17 Place de la Bourse, 75002 Paris, France, website: [www.amf-france.org](http://www.amf-france.org).

This summary should be read as an introduction to this Prospectus. Any decision to invest in the shares of the Company should be based on a consideration of this Prospectus as a whole by an investor. Investors in the shares of the Company could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to persons who have tabled this summary, including any translation thereof, but only where the summary includes misleading, inaccurate or inconsistent statements, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Company’s Shares.

### SECTION B – Key information on the issuer

#### B.1 – Who is the issuer of the securities?

**Legal name:** Technicolor Creative Studios.

**Registered office:** 8-10 rue du Renard, 75004 Paris.

**Legal form:** a public limited company with a Board of Directors (*société anonyme à Conseil d’administration*).

**Applicable law:** French law.

**Country of incorporation:** France.

**Principal activities** – The Group has organised itself under four (4) primary business lines – MPC (Film & Episodic VFX), The Mill (Advertising), Mikros Animation, and Technicolor Games – to strengthen its respective brand propositions across key industry sectors, underpinned by the Group’s large-scale production platform in India, centralised R&D operations, global production infrastructure, and global people & talent organisation.

- 1. MPC (Film & Episodic VFX):** The Group’s award-winning visual effects studios, now under the unitary MPC brand, unite artistry and creativity with technology and innovation. MPC brings decades of experience in delivering everything from breathtaking environments to the precise details of a full CGI (computer-generated imagery, abbreviated as “CG” or “CGI”) character, all for the world’s leading film and episodic content creators;
- 2. The Mill (Advertising):** With the latest visual effects, CGI and immersive technologies, The Mill produces ground-breaking advertising, branded content and interactive marketing solutions for the world’s biggest brands, agencies and production companies;
- 3. Mikros Animation:** Mikros Animation partners with filmmakers and the animation community to design and craft stories in striking CGI animation in any format and for any screen, from episodic hits to major studio animated features;
- 4. Technicolor Games:** Technicolor Games creates and delivers high-end art and animated content with its partners in the gaming industry, collaborating with many of the top game developers in the world on their AAA franchises.

**Major shareholders** – At the date of the approval of this Prospectus, the Company’s capital and voting rights are wholly owned directly and indirectly by Technicolor SA. The table below presents the current Company’s shareholding structure at the date of the approval of this Prospectus:

Shareholders	Number of shares	% of the capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings
Technicolor SA	149,999	100.00%	149,999	100.00%	149,999	100.00%
Thomson Sales Europe SAS <sup>(1)</sup>	1	0.00%	1	0.00%	1	0.00%
<b>Total</b>	<b>150,000</b>	<b>100.00%</b>	<b>150,000</b>	<b>100.00%</b>	<b>150,000</b>	<b>100.00%</b>

(1) a wholly owned subsidiary of Technicolor SA, which acquired one (1) ordinary share of the Company pursuant to a share loan agreement (contrat de prêt d'actions) entered into on 11 May 2022 for an indefinite period and which may be terminated at any time by Technicolor SA.

**Key managing directors** – Mrs. Anne Bouverot is Chairperson of the Board of Directors (*Président du Conseil d'administration*) and Mr Christian Roberton is Chief Executive Officer (*Directeur Général*).

**Statutory auditors** – **Deloitte & Associés** – Tour Majunga, 6 place de la Pyramide, 92908 Paris – La Défense; represented by Mr. Bertrand Boisselier, member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (the Regional Association of Auditors); **Mazars** – Tour Exaltis, 61 rue Henri-Regnault, 92400 Courbevoie; represented by Mr. Jean-Luc Barlet and Mrs. Charlotte Grisard, *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (the Regional Association of Auditors).

## B.2 – What is the key financial information regarding the Issuer?

### Selected historical key financial information

The tables below present a selection of the Company's financial data and are taken from Company's condensed combined financial statements for the six-month period ended 30 June 2022 prepared in accordance with IAS 34, the standard of the International Financial Reporting Standards (IFRS) as adopted by the European Union applicable to interim financial statements and Company's combined financial statements for the years ended 31 December 2019, 31 December 2020 and 31 December 2021, prepared in accordance with the IFRS as adopted by the European Union (the "Group's Combined Financial Statements").

#### Selected Financial Information from the Combined Income Statements

(in € million)	Six-month period ended 30 June (unaudited)		Year ended 31 December (audited)		
	2022	2021	2021	2020	2019
Revenue .....	409	267	601	438	771
YoY Revenue growth .....	+53.3%	-	+37.3%	-43.3%	-
Earnings before interest and tax (EBIT).....	19	(5)	20	(100)	11
EBIT Margin.....	4.7%	-1.9%	3.5%	-22.8%	1.4%
Net financial income (expense).....	(9)	(11)	(21)	(12)	(30)
Net loss for the period .....	(4)	(11)	(14)	(126)	(38)

\* As the Company's Combined Financial Statements have been prepared on a spin-off basis, earnings per share is not a meaningful measure of financial performance for any of the periods presented. The Group has not had share capital during the periods presented nor can a portion of the Company's outstanding shares be allocated to it. Therefore, the Company's management has determined that presenting an earning per share ratio calculated on the spin-off information would not accurately reflect the historical earnings per share. Accordingly, the requirement of IAS 33 - Earnings per share to disclose earnings per share is not applicable.

#### Selected Financial Information from the Combined Statement of Financial Position

(in € million)	As of 30 June (unaudited)	Year ended 31 December (audited)		
	2022	2021	2020	2019
Total non-current financial assets .....	13	14	16	5
Total current financial assets.....	165	193	93	148
Total financial assets.....	178	207	109	153
<b>Total assets .....</b>	<b>905</b>	<b>866</b>	<b>785</b>	<b>954</b>
Total non-current financial liabilities.....	(125)	(108)	(87)	(175)
Total current financial liabilities .....	(242)	(243)	(263)	(223)
<b>Total financial liabilities .....</b>	<b>(367)</b>	<b>(351)</b>	<b>(350)</b>	<b>(397)</b>
<b>Total Equity .....</b>	<b>258</b>	<b>227</b>	<b>175</b>	<b>335</b>

#### Selected Financial Information from the Combined Statement of Cash Flows

(in € million)	As of 30 June (unaudited)		Year ended 31 December (audited)		
	2022	2021	2021	2020	2019
Net operating cash generated from/(used in) continuing activities (I).....	(2)	35	110	(12)	87
Net investing cash generated from/(used in) continuing activities (II).....	(25)	(13)	(26)	(42)	(57)
Net financing cash generated from/(used in) continuing activities (III).....	26	(59)	(118)	85	(39)
Net cash generated from/(used in) discontinued activities (IV).....	0	20	17	(8)	(6)
<b>Net increase (decrease) in cash and cash equivalents (I+II+III+IV).....</b>	<b>(1)</b>	<b>(18)</b>	<b>(16)</b>	<b>22</b>	<b>(16)</b>
Exchange gains / (losses) on cash and cash equivalents.....	(1)	1	(0)	(3)	2
<b>Net change in cash and cash equivalents.....</b>	<b>(2)</b>	<b>(17)</b>	<b>(16)</b>	<b>19</b>	<b>(14)</b>

## Key Performance Indicators

	Six-month period ended 30 June (unaudited)		Year ended 31 December (audited)		
(in € million)	2022	2021	2021	2020	2019
<b>Adjusted EBITA after lease (new definition)</b> .....	<b>23</b>	<b>-</b>	<b>31</b>	<b>(67)</b>	<b>29</b>
Depreciation & amortization <sup>(1)</sup> .....	20	22	43	55	64
Other non cash items <sup>(2)</sup> .....	-	-	1	-	1
<b>Adjusted EBITDA after lease (new definition)</b> .....	<b>43</b>	<b>22</b>	<b>75</b>	<b>(12)</b>	<b>94</b>
CapEx <sup>(3)</sup> .....	(17)	(5)	(14)	(23)	(56)
Capital lease (cash out) .....	(7)	(8)	(11)	(24)	(26)
Restructuring cash out .....	(4)	(4)	(7)	(13)	(6)
Changes in working capital <sup>(4)</sup> .....	(30)	14	29	(3)	7
Other non-current cash out .....	(4)	3	1	(4)	(2)
<b>Adjusted Operating Free Cash Flow after lease (new definition)</b> .....	<b>(20)</b>	<b>23</b>	<b>74</b>	<b>(78)</b>	<b>11</b>
Net interest paid excluding leases and other cash financial items .....	(3)	(6)	(11)	(5)	(16)
Income tax cash out .....	(20)	1	(1)	(0)	(5)
<b>Adjusted Free Cash Flow after lease (new definition)</b> .....	<b>(43)</b>	<b>18</b>	<b>62</b>	<b>(83)</b>	<b>(10)</b>

<sup>(1)</sup> Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.

<sup>(2)</sup> Mainly costs of equity settled share-based payments.

<sup>(3)</sup> Excluding usage-based IT cost (without cloud rendering).

<sup>(4)</sup> Excluding cloud rendering cash out.

## Forecasts 2022-2023

The Group aims at achieving, at comparable perimeter and including the expected standalone costs related to the Group as a separate independent entity related to loss of economies of scale and replication of corporate functions:

- an Adjusted EBITDA (old definition) of €165-175 million in the year ending 31 December 2022 and €185-205 million in the year ending 31 December 2023, corresponding to
- an Adjusted EBITDA after lease (new definition) of €120-130 million in the year ending 31 December 2022 and €140-160 million in the year ending 31 December 2023.

In addition, the Group's normalized level of CapEx (i.e., purchases of property, plant equipment, intangible assets net of disposals, excluding Autodesk licenses and other usage-based IT costs) is expected to range between 4% and 5% of revenues, while trending down in the medium term as part of operational efficiency gains; and changes in working capital and other assets and liabilities (excluding cloud rendering) are expected to result in around €10 million cash outflows impact per annum. Capital lease outflows are expected to revert to a normalized level of between €15 and €25 million per annum, in line with 2019 and 2020 levels before the impact of the pandemic on the industry.

These forecasts are based mainly on a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52 and EUR/GBP of 0.89. Management estimates running dissynergy costs of €4-6 million in 2022 and €10-15 million in 2023. And to a lesser extent, a management assumption reflecting accounting changes implied by the IFRIC interpretation on Saas adjustment, relating to the configuration or customization costs in a cloud computing arrangement. The one-off impacts of IFRIC interpretation are expected to be material for 2022 as software CapEx were budgeted, resulting in a negative impact on Adjusted EBITDA after lease (new definition) with €(4) million, €(2) million on Adjusted EBITA after lease (new definition), and +€4 million on CapEx. For 2023, these impacts are expected to be less material.

## Medium-term outlook

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

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

These sources of margin profile improvements will be combined with benefits of the global integrated model, notably with the expansion of capacity in India. Headcount in India is expected to increase to approximated 70% of direct headcount (compared to 63% in 2021, 57% in 2020 and 55% in 2019).

The Group's priority is to focus on deleveraging over the next two years to align leverage with publicly listed peers (with an objective of approximately 3.5x Net Leverage (i.e., Net debt/Adjusted EBITDA after lease (new definition)) in the medium term).

## B.3 – What are the key risks that are specific to the issuer ?

- An investment in the Company's Shares involves numerous risks and uncertainties related to the Group's business that may result in a partial or total loss of their investment for investors, including:

**Covid-19 Pandemic / Health and Safety:** The lockdowns and travel restrictions implemented due to Covid-19 resulted in production delays, client delays, postponements or cancellations of projects and additional health and safety costs and therefore had an impact on the revenues and the results of the Group. Further instances of Covid-19 flare-ups or any new pandemic may negatively impact the Group's business to the extent projects are materially delayed, travel restrictions reintroduced and/or lockdown protocols reintroduced in key production centers.

**Highly competitive industries:** The Group operates in a highly competitive environment across all its business lines: MPC (Film & Episodic VFX), The Mill (Advertising), Mikros Animation (Animation) and Technicolor Games (Games Art Services). For MPC in particular, Film & Episodic VFX projects are increasingly split among a significant number of VFX vendors due to tightening production deadlines and clients' wanting to diversify vendor risk. Furthermore, customers' insourcing of VFX and/or animation services may limit or reduce the addressable market in the future (e.g., Netflix's November 2021 announcement of its acquisition of Scanline VFX).

**Client Concentration:** For the financial year ended 31 December 2021, the Group's top three customers (from a customer ultimate holding company perspective) accounted for approximately 35% of the Group's revenues. A significant part of the Group's business remains dependent upon its relationships with key content producers, including the major Hollywood studios, streaming providers and directors. Any substantial deterioration in these relationships may negatively impact the Group's business and financial performance. Given that the Group is also dependent upon the volume of production on new content that requires VFX or animation services, customer consolidation (e.g., Disney's acquisition of 21<sup>st</sup> Century Fox assets) may lead to an overall reduction in the volume of such content being produced and have a negative impact on the Group's addressable market and financial performance.

**Customer project management and seasonality of film project scheduling:** The projects carried out within the Group are of very diverse sizes. The difficulty for the Group lies in its ability to anticipate and allocate resources appropriately to execute projects on time and on budget, to reduce variances between projects and to adapt to changes imposed by customers according to their production and release schedules. Some projects may also span multiple countries and time zones, therefore increasing the difficulty to manage them. Failure to control its projects could result in cost overruns, delivery delays, negative financial impacts on the project and potential loss of the customer. Finally, with respect to MPC, due to the industry seasonality of film releases (such as during holiday and festival seasons), there tends to be periods of peak resource demand. Any changes in production and release schedules imposed by customers during this time can make it difficult for the Group to re-allocate resources.

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

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

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

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

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

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

## SECTION C – Key information on the securities

### *C.1 – What are the main features of the securities?*

**Type and class of the securities** – The shares for which the Admission is sought are all of the existing ordinary shares of the Company and the additional new Company's Shares that are expected to be issued on 15 September 2022, that will form part of the share capital of the Company at the date on which the Distribution becomes effective ("**Distribution Date**"), i.e.:

- the current number of existing ordinary Company's Shares at the date of this Prospectus, and
- the number of new Company's Shares that are expected to be issued, subject to the Company's shareholders approval, on 15 September 2022, in the context of the spin-off of the Company from Technicolor SA and the internal reorganisation at Technicolor SA level, in consideration for contribution in kind of a portion of Tech 6 SAS shares that will be completed in addition to the sale of the remaining portion of Tech 6 shares by Technicolor SA to the Company. Such number of new Company's Shares to be issued will be determined so as, together with the current number of existing Company's Shares, 65% of the total number of the Company's Shares equals the number of Technicolor SA shares that will be entitled to the Distribution at the Distribution Date, in order to allow the Distribution to be completed at a ratio of one (1) Company's Share for every one (1) Technicolor SA share held. As the share capital of Technicolor



SA may be increased by such date due to outstanding securities giving access to its capital, the exact number of Technicolor SA shares that will be entitled to the Distribution at the Distribution Date will only be known once the exercise of such instruments will be frozen, ahead of the contemplated issue of new Company's Shares.

The contribution in kind of a portion of Tech 6 SAS shares will be made by reference to an enterprise value determined by an expert. The difference between the equity value of contributed shares of Tech 6 SAS and the nominal value of the number of the additional new Company's Shares issued will be allocated to additional paid-in capital of the Company.

**Currency of the securities issued** – Euro (€).

**Label for the Ordinary Shares** – “Technicolor Creative Studios”.

**Nominal value of the Company's Shares** – As of the date of the Prospectus, the par value per Company's Share is equal to fifty euro cents (€0.5).

**Rights attached to the Company's Shares** – Based on applicable laws and on the provisions of the Company's articles of association that will govern the Company as from the Admission, the main rights attached to the Company's Shares are as follows: (i) dividend rights and right to participate in the Company's profits, (ii) voting rights, it being specified that the voting rights attached to Company's Shares are proportional to the percentage of capital that the Company's Shares represent and that the double voting right provided for in article L.22-10-46 of the French Commercial Code is expressly excluded by the provisions of the Company's articles of association, (iii) right to representation at general shareholders' meetings, (iv) preferential subscription rights attached to shares of the same class and (v) right to the surplus in the event of liquidation.

**Restrictions the free transferability of the securities** – No provision of the Company's articles of association restricts the transferability of the shares comprising the Company's share capital.

**Dividend Policy** – The Company paid no dividends since its incorporation (i.e. 21 December 2020). The Group does not intend to pay dividends in the near to midterm. In the future, The Group's dividend distribution policy will take into account its results, financial position, general business conditions, financing-related constraints, external growth operations and any other factor that the Group's Board of Directors deems relevant.

## C.2 – Where will the securities be traded?

Application has been made for the Company's Shares to be admitted to trading on Euronext Paris (compartment A). As of the date of this Prospectus, the Company has not applied to admitted to trading the Company's Shares on any other regulated market.

## C.3 – What are the key risks that are specific to the securities?

– An investment in the Company's Shares involves numerous risks and uncertainties that may result in a partial or total loss of their investment for investors. In particular:

The combined post-spin-off value of the Company's Shares and Technicolor SA shares may not equal or exceed the aggregate pre-spin-off value of Technicolor SA shares.

The Company's Shares have not previously been traded on a regulated market and an active market may not develop or persist.

The market price of the Company's Shares may be volatile.

The issue of or substantial sales of the Company's Shares may adversely affect the market price of the Company's Shares.

## SECTION D – Key information on the admission to trading on a regulated market

### D.1 – Under which conditions and timetable can I invest in this security?

**Terms and conditions of the Admission and the Distribution** – Technicolor SA's allotment to its shareholders (other than the Technicolor SA company itself) of shares in the Company will take the form of an exceptional distribution of share issuance premiums subject to a ratio of one (1) Company's Share for every one (1) Technicolor SA share held.

On 24<sup>th</sup> February 2022, Technicolor SA published its intention to list and spin-off 65% of the Company through a distribution-in-kind to Technicolor SA's shareholders, and to fully refinance its existing debt structure. In this context, internal reorganisation at the Technicolor SA Group level will be completed by the date of admission of the Company's Shares to trading on Euronext Paris in order to bring together all of the “Technicolor Creative Studios” activities within the Group. The refinancing of the Technicolor SA Group's debt will be completed via the issuance of mandatory convertible notes (“MCN”) and the putting in place of two distinct and optimized financing packages for the Group and the Technicolor SA Group.

The allotment of shares in the Company will be subject to shareholder approval at the ordinary part of the combined general meeting of Technicolor SA shareholders due to take place on 6 September 2022, or by any other general meeting of Technicolor SA convened to vote on the same agenda, of the second resolution relating to the Distribution of a part of Technicolor SA's share issuance premiums through the distribution of Company's Shares.

#### Indicative timetable

Technicolor SA's <i>Capital Markets Day</i> notably devoted to the Company	14 June 2022
AMF approval of the prospectus of the Company	1 <sup>st</sup> August 2022
Publication in the BALO (French Bulletin of Mandatory Legal Announcements) of the notice ( <i>avis de réunion</i> ) regarding Technicolor SA's combined general meeting	1 <sup>st</sup> August 2022
Publication in the BALO (French Bulletin of Mandatory Legal Announcements) of the convening notice ( <i>avis de convocation</i> ) and in a local French legal gazette regarding Technicolor SA's combined general meeting	19 August 2022
Technicolor SA's combined shareholders' general meeting authorizing the Distribution	6 September 2022



Press release issued by Technicolor SA announcing the approval of the Distribution by the general meeting	7 September 2022	
Euronext Paris notice announcing the Distribution (the main characteristics of the Distribution and an indicative timetable)	13 September 2022	D*-10
Euronext Paris notice regarding the admission to trading of the Company's Shares	13 September 2022	D*-10
Completion of the full refinancing of Technicolor SA existing debt and financing of the Company Issue of new Company's Shares in consideration for contribution in kind of a portion of Tech 6 SAS shares in the context of the internal reorganisation at Technicolor SA level notably allowing to set the Distribution ratio at one (1) Company's Share for every one (1) Technicolor SA share held	15 September 2022	
Technicolor SA's board meeting determining the final characteristics of the Distribution and deciding to proceed to the Distribution <sup>(1)</sup>	23 September 2022	
Press release issued by Technicolor SA announcing the Distribution	23 September 2022	
Euronext Paris notice relating to the technical reference price of the Company's Shares	26 September 2022	D*-1
Date on which the Distribution becomes effective, ex-date of the distribution corresponding to the detachment date of the Company's shares from the Technicolor SA shares ("Distribution Date") Delivery of the Company's Shares allotted as part of the Distribution to the Centralising Bank Company's Shares admitted to trading on Euronext Paris	27 September 2022	D
Date of the determination of the beneficiaries to the Distribution (record date) taking into account the orders executed during the day of 26 September 2022 (included)	28 September 2022	D*+1
Payment of the Distribution: delivery and account registration of the Company's Shares allotted as part of the exceptional distribution of premiums	29 September 2022	D*+2

\* Stockmarket trading days

<sup>(1)</sup> Such decision will be only taken following (x) the completion of the full refinancing of Technicolor SA existing debt and financing of the Company, and (y) the judgment of the Commercial Court of Paris acknowledging the early completion of the financial accelerated safeguard plan (plan de sauvegarde financière accélérée) of Technicolor SA.

**Plan for Distribution** – A maximum of 369,219,561 Company's Shares, representing 65% of the Company's maximum share capital on the Distribution Date (based on the fully diluted share capital of Technicolor SA at the Distribution Date (see item C.1 of this summary)), will be allotted by Technicolor SA to its shareholders (other than the Technicolor SA company itself) in proportion to their ownership of Technicolor SA and subject to a ratio of one (1) Company's Share for every one (1) Technicolor SA share held.

**Amount and percentage of dilution** – N/A.

**Shareholding of Technicolor SA immediately preceding the Distribution** – Immediately preceding the Distribution, based on the ownership of Technicolor SA's share capital at 30 June 2022, based on a fully diluted share capital of Technicolor SA at the Distribution Date\* (i.e., after the issuance of the shares issued upon the mandatory conversion of the MCN and the maximum number of shares issued from LTIP and Shareholders Warrants), the Technicolor SA's shareholding structure would be as follows:

Shareholders <sup>6</sup>	Number of shares	% of the capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings
Angelo Gordon & Co. LP	79,671,524	21.58%	79,671,524	21.58%	79,671,524	21.58%
- Bpifrance Participations SA	39,371,852	10.66%	39,371,852	10.66%	39,371,852	10.66%
- Caisse des Dépôts et Consignations	1,644,986	0.45%	1,644,986	0.45%	1,644,986	0.45%
Total Bpifrance Participations SA + Caisse des Dépôts et Consignations	41,016,838	11.11%	41,016,838	11.11%	41,016,838	11.11%
Briarwood Chase Management LLC	32,291,823	8.75%	32,291,823	8.75%	32,291,823	8.75%
Baring Asset Management Ltd	29,016,111	7.86%	29,016,111	7.86%	29,016,111	7.86%
Credit Suisse Asset Management	27,464,434	7.44%	27,464,434	7.44%	27,464,434	7.44%
Bain Capital Credit, LP	25,272,293	6.84%	25,272,293	6.84%	25,272,293	6.84%
Farallon Capital Management, L.L.C.	23,653,528	6.41%	23,653,528	6.41%	23,653,528	6.41%
Goldman Sachs Group. Inc.	15,474,103	4.19%	15,474,103	4.19%	15,474,103	4.19%
Invesco Advisers. Inc.	10,032,900	2.72%	10,032,900	2.72%	10,032,900	2.72%
BNP Paribas Asset Management Holding	5,080,490	1.38%	5,080,490	1.38%	5,080,490	1.38%
Other	80,245,516	21.73%	80,245,516	21.73%	80,245,516	21.73%
<b>Total</b>	<b>369,219,561</b>	<b>100.00%</b>	<b>369,219,561</b>	<b>100.00%</b>	<b>369,219,561</b>	<b>100.00%</b>

<sup>6</sup> This table amends certain shareholding information concerning Bpifrance Participations SA and Caisse des Dépôts et Consignations.

\* The table above assumes a fully diluted Technicolor SA number of shares of 369,219,561 (235,842,443 current number of shares + 115,384,615 shares issued upon conversion of the MCN + 17,992,503 maximum number of shares issued from LTIP and Shareholders Warrants). It further assumes that the shares issued as part of the LTIP and Shareholders Warrants are issued to the shareholders detailed in the table above.

**Shareholding of the Company following the Distribution** – Following the implementation of the Distribution and after the Company's shares are admitted to trading on Euronext Paris, based on the ownership of Technicolor SA's share capital at 30 June 2022, based on a fully diluted share capital of Technicolor SA at the Distribution Date\* and based on the assumption of the absence of the disposal of Technicolor SA remaining stake in the Company, and taking into account the maximum number of new Company's Shares that may be issued, subject to the Company's shareholders approval, on 15 September 2022, in the context of the spin-off of the Company from Technicolor SA and the internal reorganisation at Technicolor SA level, in consideration for contribution in kind of a portion of Tech 6 SAS shares, the Company's shareholding structure would be as follows:

Shareholders <sup>7</sup>	Number of shares	% of the capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings
Technicolor SA	198,810,533	35.00%	198,810,533	35.00%	198,810,533	35.00%
Angelo Gordon & Co. LP	79,671,524	14.03%	79,671,524	14.03%	79,671,524	14.03%
- Bpifrance Participations SA	39,371,852	6.93%	39,371,852	6.93%	39,371,852	6.93%
- Caisse des Dépôts et Consignations	1,644,986	0.29%	1,644,986	0.29%	1,644,986	0.29%
Total Bpifrance Participations SA + Caisse des Dépôts et Consignations	41,016,838	7.22%	41,016,838	7.22%	41,016,838	7.22%
Briarwood Chase Management LLC	32,291,823	5.68%	32,291,823	5.68%	32,291,823	5.68%
Baring Asset Management Ltd	29,016,111	5.11%	29,016,111	5.11%	29,016,111	5.11%
Credit Suisse Asset Management	27,464,434	4.84%	27,464,434	4.84%	27,464,434	4.84%
Bain Capital Credit, LP	25,272,293	4.45%	25,272,293	4.45%	25,272,293	4.45%
Farallon Capital Management, L.L.C.	23,653,528	4.16%	23,653,528	4.16%	23,653,528	4.16%
Goldman Sachs Group, Inc.	15,474,103	2.72%	15,474,103	2.72%	15,474,103	2.72%
Invesco Advisers, Inc.	10,032,900	1.77%	10,032,900	1.77%	10,032,900	1.77%
BNP Paribas Asset Management Holding	5,080,490	0.89%	5,080,490	0.89%	5,080,490	0.89%
Public	80,245,516	14.13%	80,245,516	14.13%	80,245,516	14.13%
<b>Total</b>	<b>568,030,094</b>	<b>100.00%</b>	<b>568,030,094</b>	<b>100.00%</b>	<b>568,030,094</b>	<b>100.00%</b>

\*The table above assumes a fully diluted Technicolor SA number of shares of 369,219,561 (235,842,443 current number of shares + 115,384,615 shares issued upon conversion of the MCN + 17,992,503 maximum number of shares issued from LTIP and Shareholders Warrants). It further assumes that the shares issued as part of the LTIP and Shareholders Warrants are issued to the shareholders detailed in the table above.

**Estimated fees and expenses in connection with the Admission** – The expenses incurred in respect of the admission to trading of the Company's Shares on Euronext Paris are not borne by the Company.

**Estimated fees and expenses charged to the Investors** – Not applicable. No expense relating to the Admission will be charged to the investors.

## D.2 – Why is the Prospectus being produced?

**Reasons for the Admission to Trading** – Not applicable

**Use and estimated net amount of Proceeds** – No proceeds shall be raised pursuant to Admission and the Distribution.

**Underwriting Agreement** – N/A.

**Material conflicts of interest** – Goldman Sachs Group, Inc., Morgan Stanley, and Credit Suisse acting as equity capital market advisors (in connection with the Distribution, and/or certain of their affiliates, have rendered and/or may render in the future various banking, financial, investment, commercial or other services to the Company or to the Group companies of the Group, their shareholders, affiliates or corporate officers, for which they have received or may receive remuneration. Goldman Sachs Group, Inc. and Credit Suisse have been involved in bank financings that the Company put in place. In this respect, a facility agreement will be entered into with a syndicate of international banks comprising Goldman Sachs Group, Inc. and Credit Suisse.

**Lock-up undertakings** – Neither Technicolor SA, nor the Company, nor any Technicolor SA shareholders are as of the date of this Prospectus, or will be post spin-off, subject to lock-up agreements.

<sup>7</sup> This table amends certain shareholding information concerning Bpifrance Participations SA and Caisse des Dépôts et Consignations.

# RÉSUMÉ DU PROSPECTUS

## SECTION A – Introduction et avertissements

### Caractéristiques des actions

**Libellé pour les actions :** « Technicolor Creative Studios ».

**Code ISIN :** FR001400BWV7.

**Symbole :** « TCHCS ».

### Identité et coordonnées de l'émetteur

**Dénomination sociale :** Technicolor Creative Studios (la « **Société** » et ensemble avec ses filiales, à moins qu'il n'en soit précisé autrement, « **nous** », « **notre** », « **nous-mêmes** », ou le « **Groupe** »).

**Siège social :** 8-10 rue du Renard, 75004 Paris.

**Lieu et numéro d'immatriculation :** 892 239 690 R.C.S. Paris.

**Code LEI :** 54930064SP2SSEVKFJ48.

Ce prospectus (le « **Prospectus** ») porte sur l'admission des actions ordinaires de la Société (les « **Actions de la Société** ») aux négociations (l'« **Admission** ») sur le marché réglementé d'Euronext à Paris (« **Euronext Paris** ») dans le cadre de la décision des actionnaires de Technicolor SA de distribuer 65% des Actions de la Société (la « **Distribution** »).

Ce Prospectus a été approuvé le 1<sup>er</sup> août 2022 sous le numéro 22-331 par l'Autorité des marchés financiers (l'« **AMF** »), en tant qu'autorité compétente en vertu de l'article 31 du Règlement (UE) 2017/1129, tel que modifié (le « **Règlement Prospectus** »). Les coordonnées de l'AMF sont les suivantes: 17 Place de la Bourse, 75002 Paris, France, site internet: [www.amf-france.org](http://www.amf-france.org).

Ce résumé doit être lu comme une introduction à ce Prospectus. Toute décision d'investir dans les valeurs mobilières doit être fondée sur un examen exhaustif du Prospectus par l'investisseur. L'investisseur pourrait perdre la totalité ou une partie des sommes qu'il investirait dans les Actions de la Société. Lorsqu'une action concernant l'information contenue dans ce Prospectus est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale, être tenu de supporter les frais de traduction de ce Prospectus avant d'initier une procédure judiciaire. Les personnes qui ont présenté le résumé, y compris sa traduction, n'engagent leur responsabilité civile que si le contenu du résumé est trompeur, inexact ou incohérent, lu en combinaison avec les autres parties du Prospectus ou s'il ne fournit pas, lu en combinaison avec les autres parties du Prospectus, les informations clés permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans les Actions de la Société.

## SECTION B – Informations clés sur l'émetteur

### B.1 – Qui est l'émetteur des valeurs mobilières ?

**Dénomination sociale :** Technicolor Creative Studios.

**Siège social :** 8-10 rue du Renard, 75004 Paris.

**Forme juridique :** société anonyme à Conseil d'administration.

**Droit applicable :** Droit français.

**Pays d'origine :** France.

**Principales activités** – Le Groupe s'est organisé en quatre (4) principales lignes de services – MPC (Effets visuels Films & Séries), The Mill (Publicité), Mikros Animation, et Technicolor Games – pour renforcer les propositions de ses marques respectives dans les secteurs clés de l'industrie, en s'appuyant sur la plateforme de production à grande échelle du Groupe en Inde, des opérations de R&D centralisées, une infrastructure de production mondiale et une organisation mondiale en matière de ressources humaines et de gestion des talents :

- 1. MPC (Effets visuels Films & Séries) :** les studios d'effets visuels du Groupe reconnus par des récompenses dans le secteur, désormais sous la marque unifiée MPC, allient l'art et la créativité à la technologie et à l'innovation. MPC apporte des décennies d'expérience dans l'offre d'une gamme complète allant d'environnements à couper le souffle jusqu'aux détails précis pour des personnages entièrement CGI (imagerie générée par ordinateur ou « *computer-generated imagery* », en abrégé « **CG** » ou « **CGI** »), pour les créateurs de contenus de films et de séries de premier plan dans le monde entier ;
- 2. The Mill (Publicité) :** grâce aux derniers effets visuels, à la CGI et aux technologies immersives, The Mill produit des solutions révolutionnaires en matière de publicité, de contenu personnalisé et de marketing interactif pour les plus grandes marques, agences et sociétés de production du monde ;
- 3. Mikros Animation :** Mikros Animation travaille en partenariat avec des réalisateurs de films et avec la communauté de l'animation pour concevoir et élaborer des histoires avec une animation CGI spectaculaire dans tous les formats et pour tous les écrans, allant des séries à succès aux films d'animation des grands studios ;
- 4. Technicolor Games :** Technicolor Games crée et fournit du contenu artistique et animé haut de gamme avec ses partenaires de l'industrie du jeu, en collaborant avec de nombreux développeurs de jeux parmi les plus importants au monde pour leurs franchises AAA.

**Principaux actionnaires** – A la date d'approbation de ce Prospectus, le capital et les droits de vote de la Société sont détenus entièrement, directement ou indirectement, par Technicolor SA. Le tableau ci-dessous présente la structure de l'actionnariat actuelle de la Société à la date d'approbation de ce Prospectus :

Actionnaires	Nombre d'actions	% du capital	Nombre de droits de vote théoriques	% des droits de vote théoriques	Nombre de droits de vote exerçables en assemblée générale	% des droits de vote exerçables en assemblée générale
Technicolor SA	149.999	100,00 %	149.999	100,00 %	149.999	100,00 %

Thomson Sales Europe SAS <sup>(1)</sup>	1	0,00 %	1	0,00 %	1	0,00 %
<b>Total</b>	<b>150.000</b>	<b>100,00%</b>	<b>150.000</b>	<b>100,00%</b>	<b>150.000</b>	<b>100,00%</b>

(1) une filiale à 100% de Technicolor SA, qui a acquis une (1) action ordinaire de la Société en vertu d'un contrat de prêt d'actions conclu le 11 mai 2022 pour une durée indéterminée et qui peut être résilié à tout moment par Technicolor SA.

**Principaux dirigeants** – Mme Anne Bouverot est la Présidente du Conseil d'administration et M. Christian Roberton est le Directeur Général.  
**Commissaires aux comptes** – **Deloitte & Associés** – Tour Majunga, 6 place de la Pyramide, 92908 Paris – La Défense; représenté par M. Bertrand Boisselier, membre de la Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre ; **Mazars** – Tour Exaltis, 61 rue Henri-Regnault, 92400 Courbevoie; représenté par M. Jean-Luc Barlet et Mme Charlotte Grisard, Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre.

## B.2 – Quelles sont les informations financières clés concernant l'émetteur ?

### Informations financières clés historiques sélectionnées

Les tableaux ci-dessous présentent une sélection de données financières de la Société et sont issus des états financiers combinés condensés de la Société pour la période de six (6) mois se terminant le 30 juin 2022 préparés en conformité avec la norme IAS 34 « Information financière intermédiaire », norme du référentiel IFRS tel qu'adopté dans l'Union européenne et des états financiers combinés de la Société pour les exercices clos le 31 décembre 2019, 31 décembre 2020 et 31 décembre 2021, préparés conformément aux IFRS (*International Financial Reporting Standards*) tels qu'adoptés par l'Union Européenne (les « **Etats Financiers Combinés du Groupe** »).

#### Informations Financières Sélectionnées tirées des Comptes de Résultat Combinés

(en millions d'euros)	Période de six mois close le 30 juin (non audité)		Exercice clos au 31 décembre (audité)		
	2022	2021	2021	2020	2019
Chiffre d'affaires .....	409	267	601	438	771
Croissance du chiffre d'affaires.....	+53,3%	-	+37,3%	-43,3%	-
Résultat avant charges financières et impôts (EBIT) .....	19	(5)	20	(100)	11
Marge d'EBIT .....	4,7%	-1,9%	3,5%	-22,8%	1,4%
Produits (charges) financiers nets .....	(9)	(11)	(21)	(12)	(30)
Résultat net de la période.....	(4)	(11)	(14)	(126)	(38)

\* Les Etats Financiers Combinés de la Société ayant été préparés selon la méthode de scission, le bénéfice par action n'est pas une mesure significative de la performance financière pour toutes les périodes présentées. Le Groupe n'a pas eu de capital social au cours des périodes présentées et il n'est pas possible de lui attribuer une partie des actions en circulation de la Société. En conséquence, la direction de la Société a déterminé que la présentation d'un ratio de bénéfice par action calculé sur la base des informations relatives à la scission ne refléterait pas fidèlement le bénéfice par action historique. Ainsi, l'exigence de la norme IAS 33 - Bénéfice par action qui est de fournir des informations sur le bénéfice par action n'est pas applicable.

#### Informations Financières Sélectionnées tirées de l'état de la Situation Financière Consolidée

(en millions d'euros)	Au 30 juin 2022 (non audité)	Exercice clos au 31 décembre (audité)		
		2021	2020	2019
Total actifs financiers non-courants .....	13	14	16	5
Total actifs financiers courants .....	165	193	93	148
Total actifs financiers.....	178	207	109	153
<b>Total actif.....</b>	<b>905</b>	<b>866</b>	<b>785</b>	<b>954</b>
Total dettes financières non-courantes .....	(125)	(108)	(87)	(175)
Total dettes financières courantes .....	(242)	(243)	(263)	(223)
<b>Total passifs financiers.....</b>	<b>(367)</b>	<b>(351)</b>	<b>(350)</b>	<b>(397)</b>
<b>Total Capitaux Propres.....</b>	<b>258</b>	<b>227</b>	<b>175</b>	<b>335</b>

#### Informations Financières Sélectionnées tirées du tableau des Flux de Trésorerie Consolidés

(en millions d'euros)	Au 30 juin (non audité)		Exercice clos au 31 décembre (audité)		
	2022	2021	2021	2020	2019
Variation nette de la trésorerie d'exploitation des activités poursuivies (I).....	(2)	35	110	(12)	87
Variation nette de la trésorerie d'investissement des activités poursuivies (II).....	(25)	(13)	(26)	(42)	(57)
Variation nette de la trésorerie de financement des activités poursuivies (III).....	26	(59)	(118)	85	(39)
Variation nette de la trésorerie des activités arrêtées (IV).....	0	20	17	(8)	(6)
<b>Augmentation (diminution) nette de la trésorerie (I+II+III+IV).....</b>	<b>(1)</b>	<b>(18)</b>	<b>(16)</b>	<b>22</b>	<b>(16)</b>
Effets des variations de change sur la trésorerie .....	(1)	1	(0)	(3)	2
<b>Variation nette de la trésorerie .....</b>	<b>(2)</b>	<b>(17)</b>	<b>(16)</b>	<b>19</b>	<b>(14)</b>

## Indicateurs clés de performance

(en millions d'euros)	Période de six mois close le 30 juin (non audité)		Exercice clos au 31 décembre (audité)		
	2022	2021	2021	2020	2019
<b>EBITA ajusté après loyers (nouvelle définition).....</b>	<b>23</b>	<b>-</b>	<b>31</b>	<b>(67)</b>	<b>29</b>
Amortissements et dépréciations <sup>(1)</sup> .....	20	22	43	55	64
Autres éléments sans impact sur la trésorerie <sup>(2)</sup> .....	-	-	1	-	1
<b>EBITDA ajusté après loyers (nouvelle définition).....</b>	<b>43</b>	<b>22</b>	<b>75</b>	<b>(12)</b>	<b>94</b>
Dépenses d'investissement <sup>(3)</sup> .....	(17)	(5)	(14)	(23)	(56)
Dette de loyers financiers (paiements).....	(7)	(8)	(11)	(24)	(26)
Restructurations .....	(4)	(4)	(7)	(13)	(6)
Variations du besoin en fonds de roulement <sup>(4)</sup> .....	(30)	14	29	(3)	7
Sorties de trésorerie liées à des autres éléments non courants.....	(4)	3	1	(4)	(2)
<b>Flux de trésorerie disponible opérationnel ajusté après loyers (nouvelle définition) .....</b>	<b>(20)</b>	<b>23</b>	<b>74</b>	<b>(78)</b>	<b>11</b>
Intérêts nets payés excluant les loyers financiers et autres éléments financiers de trésorerie .....	(3)	(6)	(11)	(5)	(16)
Sorties de trésorerie liées à l'impôt .....	(20)	1	(1)	(0)	(5)
<b>Flux de trésorerie disponible ajusté après loyers (nouvelle définition).....</b>	<b>(43)</b>	<b>18</b>	<b>62</b>	<b>(83)</b>	<b>(10)</b>

<sup>(1)</sup> Hors capacité informatique externalisée pour le rendu d'image en production et autres coûts informatiques basés sur l'utilisation, dépréciation des loyers opérationnels et amortissements des incorporels issus des acquisitions ou de cessions (PPA), y compris les dépréciations des dettes de loyers financiers.

<sup>(2)</sup> Principalement coûts des plans d'attributions d'actions dénoués en instruments de capitaux propres.

<sup>(3)</sup> Hors coûts informatiques basés sur l'utilisation (hors la capacité informatique externalisée pour le rendu d'image en production).

<sup>(4)</sup> Hors capacité informatique externalisée pour le rendu d'image en production.

## Prévisions 2022-2023

Le Groupe ambitionne d'atteindre, à un périmètre comparable et en incluant les coûts autonomes attendus liés au Groupe en tant qu'entité indépendante distincte, liés à la perte d'économies d'échelle et à la réplification des fonctions d'entreprise :

- un EBITDA ajusté (ancienne définition) de 165-175 millions d'euros au 31 décembre 2022 et de 185-205 millions d'euros au 31 décembre 2023, correspondant à
- un EBITDA ajusté après loyers (nouvelle définition) de 120-130 millions d'euros au 31 décembre 2022 et de 140-160 millions d'euros au 31 décembre 2023.

En outre, le niveau normalisé des dépenses d'investissement du Groupe (c'est-à-dire les achats d'immobilisations corporelles et incorporelles, d'actifs incorporels nets de cessions, à l'exclusion des licences « Autodesk » et des autres coûts informatiques liés à l'utilisation) devrait se situer entre 4 % et 5 % du chiffre d'affaires, tout en suivant une tendance à la baisse à moyen terme dans le cadre des gains d'efficacité opérationnels ; et les variations du besoin en fonds de roulement et les autres actifs et passifs (hors capacité informatique externalisée pour le rendu d'image en production) devraient entraîner une sortie de trésorerie d'environ 10 millions d'euros par an. Les sorties de location-financement devraient revenir à un niveau normalisé compris entre 15 et 25 millions d'euros par an, en ligne avec les niveaux de 2019 et 2020 avant l'impact de la pandémie sur le secteur.

Ces prévisions sont principalement basées sur un taux de change EUR/USD de 1,15, EUR/CAD de 1,52 et EUR/GBP de 0,89 - la direction estime également que les coûts de dissynergie courantes sont de 4 à 6 millions d'euros en 2022 et de 10 à 15 millions d'euros en 2023, et, dans une moindre mesure, une hypothèse de gestion reflétant les changements comptables impliqués par l'interprétation IFRIC sur l'ajustement Saas, relative aux coûts de configuration ou de personnalisation dans un dispositif de « cloud computing ». Les impacts ponctuels de l'interprétation IFRIC devraient être significatifs pour 2022 car les dépenses d'investissements ont été budgétisées, ce qui entraînerait un impact négatif sur l'EBITDA ajusté après loyers (nouvelle définition) de €(4) millions, €(2) millions sur l'EBITA ajusté après loyers (nouvelle définition), et +4 millions sur les dépenses d'investissements. Pour 2023, ces impacts devraient être moins importants.

## Perspectives à moyen terme :

À moyen terme, le groupe vise à améliorer son profil de marge par le biais de sources multiples :

- Chez MPC, le groupe entend améliorer les marges en ciblant des projets et des volumes de plus grande valeur avec les principales plateformes de streaming, ce qui se traduira par un meilleur levier d'exploitation ;
- Chez The Mill, TCS envisage de poursuivre son programme de transformation en améliorant la sélection des offres, la stratégie de prix et l'efficacité, en augmentant l'utilisation de la plateforme de production indienne de TCS et en exploitant les synergies en cours résultant de la consolidation des marques (The Mill et MPC Advertising), y compris la réduction de l'empreinte physique ;
- Chez Mikros Animation, le SDC envisage d'améliorer ses marges en continuant à augmenter le volume de projets de qualité.

Ces sources d'amélioration du profil de marge seront combinées aux avantages du modèle global intégré, notamment avec l'expansion de la capacité en Inde. Les effectifs en Inde devraient passer à environ 70 % des effectifs directs (contre 63 % en 2021, 57 % en 2020 et 55 % en 2019).

La priorité du Groupe est de se concentrer sur le désendettement au cours des deux prochaines années afin d'aligner l'effet de levier sur celui des pairs cotés en bourse (avec un objectif d'environ 3,5x l'effet de levier net (c'est-à-dire la dette nette/l'EBITDA ajusté après loyers (nouvelle définition)) à moyen terme).

### B.3 – Quels sont les principaux risques spécifiques à l'émetteur ?

- Un investissement dans les Actions de la Société comprend de nombreux risques et incertitudes liés aux activités du Groupe qui peuvent conduire à une perte partielle ou totale de leur investissement par les investisseurs, et notamment :

**Pandémie de Covid-19 / Santé et Sécurité :** Les confinements et les restrictions de voyage décidés en raison de la Covid-19 ont entraîné des retards de production, des retards chez les clients, des reports ou des annulations de projets et des coûts supplémentaires liés à la santé et à la sécurité, et ont donc eu un impact sur le chiffre d'affaires et les résultats du Groupe. De nouveaux épisodes de flambée de Covid-19 ou une nouvelle pandémie pourraient avoir un impact négatif sur les activités du Groupe dans la mesure où les projets seraient retardés de manière significative, les restrictions de voyage réintroduites et/ou les protocoles dus aux confinements remis en place dans les principaux centres de production.

**Des secteurs d'activité très concurrentiels :** Le Groupe mène ses activités dans un environnement fortement concurrentiel dans toutes ses lignes de service : MPC (Effets visuels Films et Séries), The Mill (Publicité), Mikros Animation (Animation) et Technicolor Games (Services artistiques liés aux jeux vidéo). Pour MPC en particulier, les projets d'effets visuels pour les films et les séries sont de plus en plus répartis entre un nombre significatif de fournisseurs d'effets visuels en raison du resserrement des délais de production et de la volonté des clients de diversifier les risques liés aux fournisseurs. Par ailleurs, l'internalisation par les clients des services d'effets visuels et/ou d'animation peut limiter ou réduire le marché potentiel à l'avenir (par exemple, l'annonce par Netflix, en novembre 2021, de son acquisition de Scanline VFX).

**Concentration de la clientèle :** Pour l'exercice clos au 31 décembre 2021, les trois principaux clients du Groupe (du point de vue de la société holding tête de groupe du client) représentaient environ 35 % des revenus du Groupe. Une part significative des activités du Groupe reste dépendante de ses relations avec les producteurs de contenu clés, notamment les principaux studios hollywoodiens, les fournisseurs de streaming et les réalisateurs. Toute détérioration substantielle de ces relations pourrait avoir un impact négatif sur les activités et les performances financières du Groupe. Étant donné que le Groupe est également dépendant du volume de production de nouveaux contenus requérant des services d'effets visuels ou d'animation, la consolidation des clients (par exemple, l'acquisition par Disney des actifs de 21st Century Fox) pourrait entraîner une réduction globale du volume de ces contenus produits et avoir un impact négatif sur le marché potentiel et les performances financières du Groupe.

**Gestion des projets des clients et saisonnalité de la planification des projets de films :** Les projets gérés au sein du Groupe sont de tailles très diverses. La difficulté pour le Groupe réside dans sa capacité à anticiper et à allouer les ressources de manière appropriée pour réaliser les projets dans le respect des délais et des budgets, à réduire les écarts entre les projets et à s'adapter aux modifications imposées par les clients en fonction de leurs calendriers de production et de sortie. Certains projets peuvent également s'étendre sur plusieurs pays et fuseaux horaires, ce rend leur gestion plus difficile. Des manquements dans la maîtrise de ces projets pourraient entraîner des dépassements de coûts, des retards de livraison, des impacts financiers négatifs sur le projet et la perte potentielle du client. Enfin, en ce qui concerne MPC, eu égard au caractère saisonnier des sorties de film dans l'industrie (telles que pendant les vacances et les festivals), il y a généralement des périodes de pic de demande de ressources. Toute modification des calendriers de production et de sortie requise par les clients pendant cette période pourrait compliquer la réaffectation des ressources par le Groupe.

**Attirer les talents et investir dans la culture d'entreprise :** Le Groupe dépend du recrutement et de l'implication d'un personnel spécialisé, doté d'un éventail de compétences solides (créatives, techniques, opérationnelles, etc.) et d'une connaissance spécifique du secteur. L'absence de stratégie/proposition de valeur ou de projets culturels en faveur de l'inclusion de la fonction *People & Talent*, conjuguée à des résultats financiers en baisse, pourrait réduire l'attractivité du Groupe.

**Gestion, développement et rétention des compétences et des connaissances :** Le Groupe s'appuie en grande partie sur sa stratégie en matière de talents et sa rétention des ressources. Sa transformation, la situation financière actuelle, le manque d'investissement dans les systèmes, le débauchage par les concurrents et l'absence d'une culture d'entreprise forte, de programmes de bien-être au travail et de processus d'identification des talents clés (tels que les programmes à haut potentiel), peuvent avoir un impact, selon l'activité et le pays ou la région, sur la capacité à conserver l'expérience et les employés à des postes stratégiques.

**Cybersécurité :** Du fait de l'existence de contenus hautement sensibles et confidentiels, la gestion et la transmission sécurisées des informations de la Société et de ses clients constituent un élément essentiel des activités du Groupe. Une faible fiabilité des systèmes et protocoles de sécurité de contenus pourraient compromettre d'une part, les informations sensibles du Groupe, et d'autre part, ses actifs.

**Fluctuations des taux d'intérêt et des taux de change :** Le Groupe est confronté à un risque relatif à la conversion des taux de change ainsi qu'à un risque de change transactionnel. La fluctuation des taux de change peut avoir un impact sur la valeur des actifs, des passifs, des produits et des charges dans les Etats Financiers Combinés du Groupe, même si la valeur de ces postes n'a pas changé dans leur devise d'origine. Le principal risque de transaction du Groupe réside dans ses ventes en dollar américain par rapport au dollar canadien, à la livre sterling et à la roupie indienne.

**Évolution de la conformité juridique et de l'éthique :** Le Groupe mène des activités au niveau mondial qui l'expose aux risques liés à la gestion d'activités dans de multiples juridictions. Les lois et réglementations auxquelles le Groupe peut être soumis portent notamment sur les pratiques commerciales générales, les pratiques concurrentielles, la lutte contre la corruption, le traitement des données personnelles, la protection des consommateurs, la gouvernance d'entreprise, le droit du travail, les réglementations fiscales locales et internationales et les droits de propriété intellectuelle. Tout changement majeur dans ces lois et réglementations pourrait avoir un impact sur les activités du Groupe.

- Le principal risque lié à la scission est que la Société ne parvienne pas à bénéficier de tout ou partie des synergies et avantages attendus de la scission, et que la scission ait un impact négatif sur ses activités.

## SECTION C – Informations clés sur les valeurs mobilières

### C.1 – Quelles sont les principales caractéristiques des valeurs mobilières ?

**Type et catégorie de valeurs mobilières** – Les actions dont l'Admission est demandée représentent la totalité des actions ordinaires existantes de la Société et les nouvelles Actions de la Société dont l'émission est prévue le 15 septembre 2022, qui constitueront le capital social de la Société à la date à laquelle la Distribution prend effet (la « **Date de Distribution** »), c'est-à-dire :

- les Actions ordinaires existantes de la Société à la date du présent Prospectus, et



- les nouvelles Actions de la Société dont l'émission est prévue, sous réserve de l'approbation des actionnaires de la Société, le 15 septembre 2022, dans le contexte de la séparation de la Société de Technicolor SA et de la réorganisation interne au niveau de Technicolor SA, en contrepartie de l'apport en nature d'une partie des actions de Tech 6 SAS qui sera réalisé en complément de la vente de la partie restante des actions de Tech 6 SAS par Technicolor SA à la Société. Le nombre de nouvelles Actions de la Société à émettre sera déterminé de manière à ce que, avec le nombre actuel d'Actions de la Société existantes, 65 % du nombre total d'Actions de la Société soit égal au nombre d'actions de Technicolor SA qui auront droit à la Distribution à la Date de Distribution, afin de permettre la réalisation de la Distribution selon un ratio d'une (1) Action de la Société pour une (1) action de Technicolor SA détenue. En effet, le capital social de Technicolor SA pouvant être augmenté jusqu'à cette date en raison des titres en circulation donnant accès à son capital, le nombre exact d'actions Technicolor SA qui donneront droit à la Distribution à la Date de Distribution ne sera connu qu'une fois l'exercice de ces instruments aura été gelé, en amont de l'émission envisagée des nouvelles Actions de la Société. L'apport en nature d'une partie des actions Tech 6 SAS se fera par référence à une valeur d'entreprise déterminée par un expert. La différence entre la valeur des actions Tech 6 SAS apportées et la valeur nominale du nombre d'Actions nouvelles de la Société émises sera affectée à la prime d'émission de la Société.

**Devise d'émission des valeurs mobilières** – Euro (€).

**Libellé pour les Actions Ordinaires** – « Technicolor Creative Studios ».

**Valeur nominale des Actions de la Société** – A la date du Prospectus, la valeur nominale des Actions de la Société est de cinquante centimes d'euros (€0,5).

**Droits attachés aux Actions de la Société** – En vertu du droit applicable et des stipulations des statuts de la Société qui régiront la Société à compter de l'Admission, les principaux droits attachés aux Actions de la Société sont les suivants : (i) droit aux dividendes et droit de participer aux bénéfices de la Société, (ii) droit de vote, étant précisé que le droit de vote attaché aux Actions de la Société est proportionnel à la quotité de capital que représentent les Actions de la Société et que le droit de vote double prévu à l'article L.22-10-46 du Code de commerce est expressément exclu par les stipulations des statuts de la Société, (iii) droit de participer aux assemblées générales des actionnaires, (iv) droit préférentiel de souscription attaché aux actions de la même catégorie et (v) droit au boni en cas de liquidation.

**Restrictions à la libre négociabilité des valeurs mobilières** – Aucune des stipulations des statuts de la Société ne limite la négociabilité des actions comprises dans le capital social de la Société.

**Politique en matière de dividendes** – La Société n'a pas procédé à la distribution de dividendes depuis sa création (le 31 décembre 2020). Le Groupe n'a pas l'intention de procéder à la distribution de dividendes ni à court ni à moyen terme. A terme, la politique de distribution de dividendes du Groupe prendra en compte ses profits, sa situation financière, les conditions générales de ses activités, les contraintes liées à son financement, ses opérations de croissance externe et tout autre facteur que le Conseil d'administration du Groupe jugera pertinent.

## C.2 – Où les valeurs mobilières sont-elles négociées ?

Une demande a été effectuée pour que les Actions de la Société soient admises aux négociations sur Euronext Paris (compartiment A). A la date du présent Prospectus, aucune autre demande d'admission aux négociations sur un marché réglementé n'a été formulée par la Société.

## C.3 – Quels sont les principaux risques spécifiques aux valeurs mobilières ?

- Un investissement dans les Actions de la Société comporte de nombreux risques et incertitudes pouvant entraîner, pour les investisseurs, une perte partielle ou totale de leur investissement. En particulier :

La somme des valeurs post-scission des Actions de la Société et des actions de Technicolor SA pourrait ne pas être égale ou supérieure à la valeur globale avant scission des actions de Technicolor SA.

Les Actions de la Société n'ont pas été précédemment admises aux négociations sur un marché réglementé et un marché liquide pourrait ne pas se développer ou se maintenir.

Le cours des Actions de la Société sur le marché pourrait être instable.

La survenance de cession significatives d'Actions de la Société pourrait impacter négativement le cours des Actions de la Société sur le marché.

## SECTION D – Informations clés sur l'admission aux négociations sur un marché réglementé

### D.1 – A quelles conditions et selon quel calendrier puis-je investir dans cette valeur mobilière ?

**Conditions et modalités de l'Admission et de la Distribution** – La distribution par Technicolor SA à ses actionnaires (autre que la société Technicolor SA elle-même) d'actions de la Société prendra la forme d'une distribution exceptionnelle de primes d'émission, selon un ratio d'une (1) Action de la Société pour une (1) action Technicolor SA détenue.

Le 24 février 2022, Technicolor SA a annoncé son intention d'introduire en bourse et de réaliser la distribution de 65% du capital de la Société à travers une distribution en nature aux actionnaires de Technicolor SA, tout en refinançant l'intégralité de sa dette existante. Dans ce contexte, une réorganisation interne au niveau du Groupe Technicolor SA sera achevée préalablement à la date d'admission des Actions de la Société aux négociations sur Euronext Paris, afin de regrouper toutes les activités « Technicolor Creative Studios » au sein du Groupe. Le refinancement de la dette du Groupe Technicolor SA sera réalisé via l'émission d'obligations convertibles en actions (les « OCA ») et la mise en place de deux montages financiers distincts et optimisés pour le Groupe et le Groupe Technicolor SA.

L'attribution d'actions de la Société sera soumise à l'approbation par l'assemblée générale mixte des actionnaires de Technicolor SA devant se tenir le 6 septembre 2022, ou par toute autre assemblée générale de Technicolor SA convoquée pour voter sur le même ordre du jour, de la deuxième résolution relative à la Distribution d'une partie des primes d'émission de Technicolor SA par le biais d'une distribution des Actions de la Société.

#### Calendrier indicatif

Capital Markets Day de Technicolor SA notamment dédié à la Société	14 juin 2022
Approbation par l'AMF du prospectus de la Société	1 <sup>er</sup> août 2022
Publication au BALO (Bulletin des Annonces Légales Obligatoires) de l'avis de réunion relatif à l'assemblée générale mixte de Technicolor SA	1 <sup>er</sup> août 2022
Publication au BALO (Bulletin des Annonces Légales Obligatoires) et dans un journal d'annonces légales de l'avis de convocation relatif à l'assemblée générale mixte de Technicolor SA	19 août 2022

Assemblée générale mixte des actionnaires de Technicolor SA autorisant la Distribution	6 septembre 2022	
Communiqué de presse émis par Technicolor SA annonçant l'approbation de la Distribution par l'assemblée générale	7 septembre 2022	
Avis d'Euronext Paris annonçant la Distribution (les principales caractéristiques de la Distribution et un calendrier indicatif)	13 septembre 2022	D*-10
Avis d'Euronext Paris relatif à l'admission aux négociations des Actions de la Société	13 septembre 2022	D*-10
Finalisation du refinancement complet de la dette existante de Technicolor SA et du financement de la Société Emission de nouvelles Actions de la Société en rémunération de l'apport en nature d'une partie des actions Tech 6 SAS opéré dans le cadre des réorganisations internes au niveau de Technicolor SA permettant notamment de fixer le ratio de Distribution à une (1) Action de la Société pour une (1) action Technicolor SA détenue	15 septembre 2022	
Réunion du Conseil d'administration de Technicolor SA arrêtant les caractéristiques définitives de la Distribution et décidant de procéder à la Distribution <sup>(1)</sup>	23 septembre 2022	
Communiqué de presse émis par Technicolor SA annonçant la Distribution	23 septembre 2022	
Avis d'Euronext Paris relatif au prix de référence technique des Actions de la Société	26 septembre 2022	D*-1
Date à laquelle la Distribution prend effet, « ex-date » de la distribution correspondant à la date de détachement des actions de la Société des actions Technicolor SA (« <b>Date de Distribution</b> ») Livraison des Actions de la Société attribuées au titre de la Distribution à la Banque Centralisatrice Actions de la Société admises aux négociations sur Euronext Paris	27 septembre 2022	D
Date de fixation des bénéficiaires de la Distribution (« <i>record date</i> ») tenant compte des ordres exécutés pendant la journée du 26 septembre 2022 (inclusive)	28 septembre 2022	D*+1
Païement de la Distribution : livraison et enregistrement en compte des Actions de la Société attribuées au titre de la distribution exceptionnelle de primes	29 septembre 2022	D*+2

\* Jours d'ouverture des marchés.

<sup>(1)</sup> Cette décision ne sera prise qu'à l'issue (x) de la réalisation du refinancement complet de la dette existante de Technicolor SA et du financement de la Société, et (y) de la constatation par le jugement du tribunal de commerce de Paris reconnaissant la parfaite exécution par anticipation du plan de sauvegarde financière accélérée de Technicolor SA.

**Plan pour la Distribution** – Un maximum de 369.219.561 Actions de la Société, représentant 65% du capital social maximum de la Société à la Date de Distribution, seront attribuées par Technicolor SA à ses actionnaires (autres que la société Technicolor SA elle-même) proportionnellement à leur détention d'actions Technicolor SA et selon un ratio d'une (1) Action de la Société pour une (1) action Technicolor SA détenue.

**Montant et pourcentage de dilution** – N/A.

**Actionnariat de Technicolor SA immédiatement avant la Distribution** - Immédiatement avant la Distribution, sur la base de l'actionnariat de Technicolor SA au 30 juin 2022, sur une base pleinement diluée à la Date de Distribution\* (c'est-à-dire après l'émission des actions émises lors de la conversion obligatoire des OCA et du nombre maximum d'actions émises dans le cadre du LTIP et des BSAs), la structure de l'actionnariat de Technicolor SA serait la suivante :

Actionnaires <sup>8</sup>	Nombre d'actions	% du capital	Nombre de droits de vote théoriques	% des droits de vote théoriques	Nombre de droits de vote exerçables en assemblée générale	% des droits de vote exerçables en assemblée générale
Angelo Gordon & Co. LP	79.671.524	21,58%	79.671.524	21,58%	79.671.524	21,58%
- Bpifrance Participations SA	39.371.852	10,66%	39.371.852	10,66%	39.371.852	10,66%
- Caisse des Dépôts et Consignations	1.644.986	0,45%	1.644.986	0,45%	1.644.986	0,45%
Total Bpifrance Participations SA + Caisse des Dépôts et Consignations	41.016.838	11,11%	41.016.838	11,11%	41.016.838	11,11%
Briarwood Chase Management LLC	32.291.823	8,75%	32.291.823	8,75%	32.291.823	8,75%
Baring Asset Management Ltd	29.016.111	7,86%	29.016.111	7,86%	29.016.111	7,86%
Credit Suisse Asset Management	27.464.434	7,44%	27.464.434	7,44%	27.464.434	7,44%
Bain Capital Credit, LP	25.272.293	6,84%	25.272.293	6,84%	25.272.293	6,84%
Farallon Capital Management, L.L.C.	23.653.528	6,41%	23.653.528	6,41%	23.653.528	6,41%
Goldman Sachs Group. Inc.	15.474.103	4,19%	15.474.103	4,19%	15.474.103	4,19%
Invesco Advisers. Inc.	10.032.900	2,72%	10.032.900	2,72%	10.032.900	2,72%
BNP Paribas Asset Management Holding	5.080.490	1,38%	5.080.490	1,38%	5.080.490	1,38%
Autre	80.245.516	21,73%	80.245.516	21,73%	80.245.516	21,73%
<b>Total</b>	<b>369.219.561</b>	<b>100,00%</b>	<b>369.219.561</b>	<b>100,00%</b>	<b>369.219.561</b>	<b>100,00%</b>

<sup>8</sup> Ce tableau modifie certaines informations relatives à l'actionnariat de Bpifrance Participations SA et Caisse des Dépôts et Consignations.



\* Le tableau ci-dessus prend pour base un nombre d'actions de Technicolor SA entièrement dilué de 369 219 561 (235 842 443 actions actuelles + 115 384 615 actions émises lors de la conversion des OCA + 17 992 503 actions maximum émises dans le cadre du LTIP et des bons de souscription des actionnaires). Il suppose également que les actions émises dans le cadre du LTIP et des BSAs sont émises aux actionnaires détaillés dans le tableau ci-dessus.

**Actionnariat de la Société à la suite de la Distribution** – A la suite de la réalisation de la Distribution, et à l'issue de l'admission des actions de la Société aux négociations sur Euronext Paris, sur la base de l'actionnariat de Technicolor SA au 30 juin 2022, sur une base pleinement diluée du capital social de Technicolor SA à la Date de Distribution\*, et dans l'hypothèse d'une absence de cession de la participation restante de Technicolor SA dans la Société, et compte-tenu du nombre maximum d'Actions nouvelles de la Société qui pourront être émises, sous réserve de l'approbation des actionnaires de la Société, le 15 septembre 2022, dans le contexte de la séparation de la Société de Technicolor SA et de la réorganisation interne au niveau de Technicolor SA, en contrepartie de l'apport en nature d'une partie des actions de Tech 6 SAS, la structure de l'actionnariat de la Société serait la suivante :

Actionnaires <sup>9</sup>	Nombre d'actions	% du capital	Nombre de droits de vote théoriques	% des droits de vote théoriques	Nombre de droits de vote exerçables en assemblée générale	% des droits de vote exerçables en assemblée générale
Technicolor SA	198.810.533	35,00%	198.810.533	35,00%	198.810.533	35,00%
Angelo Gordon & Co. LP	79.671.524	14,03%	79.671.524	14,03%	79.671.524	14,03%
- Bpifrance Participations SA	39.371.852	6,93%	39.371.852	6,93%	39.371.852	6,93%
- Caisse des Dépôts et Consignations	1.644.986	0,29%	1.644.986	0,29%	1.644.986	0,29%
Total Bpifrance Participations SA + Caisse des Dépôts et Consignations	41.016.838	7,22%	41.016.838	7,22%	41.016.838	7,22%
Briarwood Chase Management LLC	32.291.823	5,68%	32.291.823	5,68%	32.291.823	5,68%
Baring Asset Management Ltd	29.016.111	5,11%	29.016.111	5,11%	29.016.111	5,11%
Credit Suisse Asset Management	27.464.434	4,84%	27.464.434	4,84%	27.464.434	4,84%
Bain Capital Credit, LP	25.272.293	4,45%	25.272.293	4,45%	25.272.293	4,45%
Farallon Capital Management, L.L.C.	23.653.528	4,16%	23.653.528	4,16%	23.653.528	4,16%
Goldman Sachs Group, Inc.	15.474.103	2,72%	15.474.103	2,72%	15.474.103	2,72%
Invesco Advisers, Inc.	10.032.900	1,77%	10.032.900	1,77%	10.032.900	1,77%
BNP Paribas Asset Management Holding	5.080.490	0,89%	5.080.490	0,89%	5.080.490	0,89%
Flottant	80.245.516	14,13%	80.245.516	14,13%	80.245.516	14,13%
<b>Total</b>	<b>568.030.094</b>	<b>100,00%</b>	<b>568.030.094</b>	<b>100,00%</b>	<b>568.030.094</b>	<b>100,00%</b>

\* Le tableau ci-dessus prend pour base un nombre d'actions de Technicolor SA entièrement dilué de 369 219 561 (235 842 443 actions actuelles + 115 384 615 actions émises lors de la conversion des OCA + 17 992 503 actions maximum émises dans le cadre du LTIP et des bons de souscription des actionnaires). Il suppose également que les actions émises dans le cadre du LTIP et des BSAs sont émises aux actionnaires détaillés dans le tableau ci-dessus.

**Estimation des honoraires et frais liées à l'Admission** – Les frais liés à l'admission aux négociations des Actions de la Société sur Euronext Paris ne sont pas à la charge de la Société.

**Estimation des honoraires et frais à la charge des Investisseurs** – N/A. Aucun frais lié à l'Admission ne sera à la charge des investisseurs.

## D.2 – Pourquoi le Prospectus est-il établi?

**Raisons de l'admission aux négociations** – N/A.

**Utilisation et montant du produit de l'Admission et de la Distribution** – Il n'y aura pas de produit issus de l'Admission et de la Distribution.

**Convention de prise ferme** – N/A.

**Conflits d'intérêts significatifs** – Goldman Sachs Group, Inc., Morgan Stanley et Credit Suisse, agissant en qualité de conseillers sur les marchés de capitaux (dans le cadre de la Distribution), et/ou certaines de leurs entités affiliées, ont rendu et/ou pourront rendre à l'avenir divers services bancaires, financiers, commerciaux, d'investissement ou autres, à la Société ou aux sociétés du Groupe, à leurs actionnaires, à leurs entités affiliées ou mandataires sociaux, pour lesquels ils ont reçu ou pourront percevoir une rémunération. Goldman Sachs Group, Inc. et Credit Suisse sont parties aux contrats de financements bancaires que la Société a mis en place. À cet égard, une convention de crédit sera conclue avec un syndicat de banques internationales dont Goldman Sachs Group, Inc et Credit Suisse font partie.

**Engagements de conservation des titres** – Ni Technicolor SA, ni la Société, ni les actionnaires de Technicolor SA ne sont, à la date de ce Prospectus, ou ne seront après l'opération de Distribution, soumis à des engagements de conservation des titres.

<sup>9</sup> Ce tableau modifie certaines informations relatives à l'actionnariat de Bpifrance Participations SA et Caisse des Dépôts et Consignations et modifie la version initiale pour se conformer à la version anglaise du résumé.

## **1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION AND EXPERT'S REPORTS**

### **1.1 PERSONS RESPONSIBLE FOR THE PROSPECTUS**

For Technicolor Creative Studios: Mr Christian Roberton, Chief Executive Officer

For Technicolor SA: Mr Richard Moat, Chief Executive Officer

### **1.2 DECLARATION BY THE PERSONS RESPONSIBLE FOR THE PROSPECTUS**

#### ***For Technicolor Creative Studios***

*"I certify that the information contained in this Prospectus is, to the best of my knowledge, in accordance with the facts and that it makes no omission likely to affect its import."*

Paris, 1<sup>st</sup> August 2022  
Mr Christian Roberton  
Chief Executive Officer

#### ***For Technicolor SA***

*"I certify that the information pertaining to Technicolor SA contained in this Prospectus and for which Technicolor SA is responsible, is, to the best of my knowledge, in accordance with the facts and that it makes no omission likely to affect its import."*

Paris, 1<sup>st</sup> August 2022  
Mr Richard Moat  
Chief Executive Officer

### **1.3 EXPERT'S REPORT**

Non applicable.

### **1.4 THIRD-PARTY INFORMATION AND DECLARATIONS OF INTEREST**

This prospectus contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. Unless otherwise indicated, such information is based on the Company's analysis of multiple sources, including a market study commissioned by the Company from FTI Consulting. Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain, no facts have been omitted which would render the reproduced information provided inaccurate or misleading. With respect to statements based on the Company's analysis or calculations of such information, the Company cannot guarantee that another party using different methods to analyze or calculate the data on these markets would obtain the same results.

### **1.5 CONTACT PERSON FOR THE FINANCIAL INFORMATION**

Mr. Laurent Carozzi, Chief Financial Officer of the Company,  
8-10, rue du Renard, 75004 Paris France,  
Tel.: +33 (0)1 88 24 30 00

## 2. STATUTORY AUDITORS

**Deloitte & Associés** – Tour Majunga, 6 place de la Pyramide, 92908 Paris – La Défense; represented by Mr. Bertrand Boisselier.

Deloitte & Associés was appointed by a decision of the sole shareholder of the Company on 12 April 2022 for a term of six financial years until the general shareholders' meeting called to approve the financial statements for the fiscal year ending 31 December 2027.

Deloitte & Associés is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (the Regional Association of Auditors).

**Mazars** – Tour Exaltis, 61 rue Henri-Regnault, 92400 Courbevoie; represented by Mr. Jean-Luc Barlet and Mrs. Charlotte Grisard.

Mazars was appointed by a decision of the sole shareholder of the Company on 12 April 2022 for a term of six financial years until the general shareholders' meeting called to approve the financial statements for the fiscal year ending 31 December 2027.

Mazars is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (the Regional Association of Auditors).

### 3. RISK FACTORS

Before proceeding with an investment in shares of the Group, investors are invited to consider all of the information set forth in this Prospectus, including the risk factors described below which are specific to the Company and which are material for taking an informed investment decision. In each category below the Company, in its assessment, is taking into account the expected magnitude of the negative impact of such risks on the Group and the probability of their occurrence. As of the date of this Prospectus, these risks are those that the Company believes could have a material adverse effect on the Group, its business, financial position, reputation, results of operations or growth prospects, and that are material to any investment decision by an investor. The attention of investors is drawn to the fact that the risks presented in this Chapter 3 of the Prospectus, made of explanations of each individual risk, management and monitoring actions, is not exhaustive and that additional risks, that are unknown as of the date hereof or that the Group has currently identified as not material based on the information available to it, may have a material adverse effect on the Group, its business, financial position, reputation, financial performance, results of operations or growth prospects, as well as on the market price of the Company's Shares once listed on Euronext Paris. Prospective investors should make their own independent evaluations of all risk factors.

In accordance with the provisions of Article 16 of Regulation (EU) 2017/1129 of the European Parliament and the Council, as amended, this Chapter 3 sets forth the principal risks that could, as of the date of this Prospectus, impact the Group, its business, financial position, reputation, results of operations or growth prospects as well as the market price of the Company's Shares once listed on Euronext Paris. Such risks were identified primarily in the context of the preparation of the Group's major risks mapping, which assessed their materiality based on the probability of occurrence and the expected magnitude of their negative impact, after taking into account the management measures put in place. The classification of the risks relating to the global market and industries, the business and operational, financial, legal and tax risks as well as the risks related to the spin-off and the risks associated with the Company's Shares below are the result of a regular analysis as part of the Group's internal risk management process which is referred to on page 45 of the Prospectus. Despite such management measures, the Company considers that the risks listed below remain significant for the Group. Within each of the risk categories described below, the risk factors that the Company considers to be the most material as of the date of this Prospectus, taking into account their negative impact on the Group and/or the probability of their occurrence, are described first and marked with an asterisk.

<b>Global market and industries risks</b>	<b>Legal and tax risks</b>
Covid-19 Pandemic / Health and Safety* Highly competitive industries* Risks related to rapidly changing technological advancements Sustained production work stoppages (i.e., strikes) caused by a breakdown in organised labour negotiations	Evolving legal compliance & ethics* Litigation Applicable taxation regimes and changes therein
<b>Business and operational risks</b>	<b>Risks related to the spin-off</b>
Client Concentration* Customer project management and seasonality of film project scheduling* Failure to attract talents & invest in culture* Skills & knowledge management, development and retention* Cybersecurity* Production incentives Diversity and human rights Business continuity Mergers & Acquisition	The Company may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect its business* Risks associated with the Company's dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously Completion of the spin-off remains subject to approval by the combined general meeting of Technicolor SA shareholders Risks associated with the Technicolor SA Group's stake in the Company
<b>Financial risks</b>	<b>Risks associated with the Company's Shares</b>

Interest rate and exchange rate fluctuations*	<p>The combined post-spin-off value of the Company's Shares and Technicolor SA shares may not equal or exceed the aggregate pre-spin-off value of Technicolor SA shares*</p> <p>The Company's Shares have not previously been traded on a regulated market and an active market may not develop or persist*</p> <p>The market price of the Company's Shares may be volatile*</p> <p>The issue of or substantial sales of the Company's Shares may adversely affect the market price of the Company's Shares*</p>
Indebtedness	
Liquidity	
Impairment of non-current assets, including goodwill	

### 3.1 GLOBAL MARKET AND INDUSTRY RISKS

#### 3.1.1 COVID-19 pandemic / Health and Safety\*

The Covid-19 global pandemic has had a tremendous impact on content production as a result of the governmental measures that have been implemented, in particular the lockdowns or the travel restrictions. These measures resulted in particular in production delays, client delays, postponements or cancellations of projects and additional healthy and safety costs and therefore had an impact on the revenues and the results of the Group. For example, in 2020 when Covid-19-driven lockdowns extended across the globe, MPC's revenues declined by 69.5% compared to 2019 levels as live-action production came to an abrupt halt. In 2021, the pandemic continued to affect immigration and travel, while also creating supply chain / logistics issues leading to delays in procuring certain equipment. Further instances of Covid-19 flare-ups or any new pandemic may negatively impact the Group's business to the extent projects are materially delayed, travel restrictions reintroduced and/or lockdown protocols reintroduced in key production centers.

The pandemic has also fundamentally changed the theatrical exhibition industry. For example, the 45-day theatrical window (the period when a film is exclusively in theaters before being made available elsewhere; e.g., Warner Bros' 2022 theatrical releases will be made available on HBO Max no earlier than 45 days after its initial theatrical release) has now supplanted the traditional 75-90-day window. Furthermore, according to the Motion Picture Association, while global box office receipts grew 81% in 2021 as compared to 2020 levels, it remains at approximately half of pre-pandemic 2019 levels. As a result, many of the major studios appear to be reducing their theatrical film slates while shifting production budgets to streaming platforms where visual effects ("VFX") budgets may not be as large. Any reduction in the number of films requiring VFX or animation services being released theatrically each year may negatively impact the Group's addressable market and financial performance. While production budgets for non-theatrical projects may not be as high on average today as compared to those of tentpole theatrical projects, the Group endeavors to maintain a well-diversified portfolio mix of project types and sizes in order to mitigate dependencies on certain market segments like the theatrical tentpole film.

With regards to overall health & safety, the advent of the Covid-19 pandemic and associated guidance issued by the World Health Organization have negatively impacted the Group. Beyond the major human impact on employees, the Group had to temporarily close some facilities pursuant to local government restrictions during the pandemic. Moreover, our customers and vendors have been impacted as well. Any future resurgence in the pandemic or a new pandemic could have a negative impact on the Group's financial results.

Standard and regular health & safety training are delivered to the Group's employees as well as to contractors working in our locations to prevent injuries and accidents as part of global injury prevention programs. Considering the Covid-19 pandemic, increased cleaning and screening measures were implemented to minimize the risk of Covid-19 contamination of our workers, contractors and guests. Injuries and severity rates are monitored with remediation actions. Facilities are regularly audited to review and assess health & safety risks and implemented prevention measures.

The Group is closely monitoring the evolution of the Covid-19 pandemic, and is taking all appropriate measures in order to support its customers and suppliers throughout this ongoing difficult period and to ensure the safety of its employees and contractors. The Group continues to evaluate any potential impacts to production and deliveries and will try to mitigate via alternative plans where necessary. The Group has successfully implemented work from home arrangements to ensure continuity and productivity across the Group. Finally, in order to react quickly and to take all necessary measures, the Group maintains a Covid-19 task force to address required actions and monitor on-going developments.

### 3.1.2 Highly competitive industries\*

The Group operates in a highly competitive environment across all its business lines: MPC (Film & Episodic VFX), The Mill (Advertising), Mikros Animation (Animation) and Technicolor Games (Games Art Services) (see Chapter 5 “*Overview of the Group’s Activities*” of this Prospectus). In MPC, the Group competes with many VFX companies across all types and sizes of projects, including with Cinesite, Digital Domain, DNEG (owned by Prime Focus Limited), Framestore, Industrial Light & Magic (owned by Disney), Pixomondo, Rodeo FX, Scanline VFX (owned by Netflix), Sony Pictures Imageworks (owned by Sony), and Wētā FX. The Film & Episodic VFX market is highly fragmented, with thousands of very small players and only a few globally scaled firms, of which MPC is one of the largest based on revenue (see Section 5.2.1 “*The Film & Episodic VFX market*” of this Prospectus). In Mikros Animation, the Group competes with several CG animation studios like Animal Logic, Bardel Entertainment (majority-owned by Rainbow S.p.A.), CGCG, Cinesite, DNEG, ICON Creative Studio, Jellyfish Pictures, Reel FX, and Sony Pictures Imageworks.

In The Mill, the Group’s services extend across a wide spectrum of segments, each with its own distinct pool of competitors. Advertising competitors include Framestore and Media.Monks, local boutiques, global consultancies like Accenture Song and in-house production arms of the major global advertising holding companies (e.g., WPP’s Hogarth and Publicis’ Prodigious). The Mill currently participates across multiple areas within the advertising production value chain, with its strongest footprint within VFX, in which market The Mill is a major player based on revenue. However, The Mill considers its addressable market opportunity to be the much larger Brand Experience & Advertising production market, with a wide spectrum of competition across the different segments in which The Mill competes (see Section 5.2.2 “*The Brand Experience & Advertising Production market*” of this Prospectus). In Technicolor Games, the Group, a minor player, competes in a highly fragmented industry, ranging from much larger companies like Keywords Studios and Virtuos to small studios primarily across Europe and Asia. For the industries in which each of the Group’s business lines operate, demand for talent is also greatly exceeding supply, driving intense competition to recruit and retain talent (see Section 3.2.4 “*Skills and knowledge management, development and retention*” of this Prospectus).

For MPC in particular, Film & Episodic VFX projects are increasingly split among a significant number of VFX vendors due to tightening production deadlines and clients’ wanting to diversify vendor risk. As a result, switching costs for customers can be low, driving increasing competitive pressures; except in the case for large tentpole VFX-heavy films that require the scale and expertise that a limited number of VFX companies can provide, one of whom is MPC.

Furthermore, customers’ insourcing of VFX and/or animation services may limit or reduce the addressable market in the future (e.g., Netflix’s acquisition of Scanline VFX). Even if the Group anticipates that growth in demand for such services may surpass the volume that customers like Netflix may be able to insource, the occurrence of such risk may negatively impact the Group’s addressable market and financial performance.

The Group continuously strives to identify and develop competitive advantages in order to retain or grow market share in its respective industries. Maintaining investment in talent, technology and workflows is critical for the Group to compete at scale and to strengthen relationships with key customers and with key talent. Without sufficient investment in recruiting, training and retaining talent, the Group may not develop and expand the production capacity needed to achieve its growth objectives. Furthermore, without continuing to invest in technology and workflows, the Group may fall behind its competitors with regards to quality, productivity and efficiency, potentially resulting in a decline in market share and/or a reduction in margins.

### 3.1.3 Risks related to rapidly changing technological advancements

The Group operates in industries where technology plays a vital role in the production of digital visual arts, and constantly witnesses technological advancements in quality, scale and speed in production and what ultimately appears on screen to consumers. For example, the entertainment industry continues to invest in and experiment with emerging technologies and processes like virtual production, incorporating real-time production using game engines. Failure of the Group to keep pace with the industry in such new technological advancements may cause other industry participants to develop a competitive advantage over the Group. To stay at the forefront of such technology advances, the Group continues to invest material sums in research and development and recruiting industry-recognised technology talent. For the financial year ended 31 December 2021, the Group invested €8 million in software development, while actively participating in technology-driven communities and conferences like SIGGRAPH.

### **3.1.4 Sustained production work stoppages (i.e., strikes) caused by a breakdown in organised labour negotiations**

Key content producers like the major Hollywood studios are subject to several collective bargaining agreements with unions that are instrumental to the content production industry, including, for example, SAG-AFTRA, WGA, and IATSE. Any breakdown in labour negotiations that leads to a sustained strike with any such union may lead to a reduction in production activity and negatively impact the Group's financial performance. For instance, the last major strike that occurred in the industry was Writers Guild of America strike in 2007 – 2008, which lasted 100 days.

The Group stays abreast of industry news, including labour negotiations, that may indirectly or directly impact its businesses. The Group's investment in a Global Workforce Planning group is intended to allow for longer-term resource forecasting in order to optimize utilisation as well as mitigate the impacts of potential labour strikes or other events that may cause material production work stoppages.

## **3.2 BUSINESS AND OPERATIONAL RISKS**

### **3.2.1 Client Concentration\***

For the financial year ended 31 December 2021, the Group's top three customers (from a customer ultimate holding company perspective) accounted for approximately 35% of the Group's revenues. While no single customer is responsible for 15% or more of the Group's revenues for the financial year ended 31 December 2021 and while the Group believes it is well-diversified between entertainment and advertising-related revenues, a significant part of the Group's business remains dependent upon its relationships with key content producers, including the major Hollywood studios, streaming providers and directors. Any substantial deterioration in these relationships, including from the loss of key talent to a competitor, may negatively impact the Group's business and financial performance.

Furthermore, even though the Group's history with several major studios dates back to the early 20<sup>th</sup> century, the overwhelming majority of its customer contracts are on an individual project basis. The Group is dependent upon the development and maintenance of client relationships through performance (including quality and timeliness of its work, which is in part reliant upon technology), price, talent and key relationships. Any material adverse impacts to any of these factors may negatively impact the Group's business and financial performance.

The Group is also dependent upon the volume of production on new content that requires VFX or animation services. Customer consolidation that may lead to an overall reduction in the volume of such content being produced may also have a negative impact on the Group's addressable market and financial performance. Customer consolidations include Disney's acquisition of 21<sup>st</sup> Century Fox assets, Amazon's acquisition of MGM, the Viacom and CBS merger, and the Discovery and WarnerMedia merger. Customer consolidation that may lead to a pressure for discounted prices may also have an impact on the pricing of the Group's services.

The Group actively seeks to diversify its customer and project mix in order to mitigate financial performance volatility that may be caused by any significant dependency on a specific customer and/or sector.

### **3.2.2 Customer project management and seasonality of film project scheduling\***

Projects in the Group's business vary greatly in size, with several large projects that can last 6 to 18 months for most of the business segments, and numerous small ones (up to 12 weeks) that require much quicker delivery, for The Mill in particular.

A key challenge is in the proper allocation of resources to deliver a production on time and on budget, mitigating gaps between projects, and managing changes by clients in production scope, production schedules and release dates (see Section 3.1.1 "*COVID-19 pandemic / Health and Safety*" of this Prospectus). The projects can also be executed across multiple geographies and time zones, which may create challenges for the management of such projects. If a project consumes more resources than initially planned, it may lead to cost overruns that may be difficult to recover from our customers, especially given that much of the Group's business operates under fixed-price contracts. Dependencies may also exist with the customer and/or other service providers of the customer that can negatively impact the time available for the Group to complete a project. For example, the Group's VFX businesses are dependent upon the client's turnover of shots. In addition, with respect to MPC, due to the industry seasonality of film releases (such as during holiday and festival seasons), there tends to be periods of peak resource

demand. Any changes in production and release schedules imposed by customers during this time can make it difficult for the Group to re-allocate resources.

Production failing to flag to management when there are issues (e.g., delays, unachieved quotas) may lead to negative financial impacts on the project and a potential client loss. With the current structure and go forward strategy, difficulties may be enhanced this year as management looks for ways to streamline and centralize key operational processes while delivering key projects across several regions and/or business lines.

In the Group's business, there are dedicated processes in place for risk assessment that are regularly updated throughout the execution of the projects to address any mitigating actions needed. As part of the bidding process, the allocation and planning of resources is reviewed by production management to ensure that the assessment is adequate to deliver the project plus the inclusion of a contingency. During production, robust monitoring of projects, including regular cost-to-complete financial reviews, is established to ensure that work-in-progress is in line with budgets initially approved, as well as to anticipate any deviations in terms of resources, quality and delivery timing. Progress reports and management indicators are built to support this monitoring process. To ensure that quality of services is in line with customers' expectations, initial tests and intermediary deliveries are scheduled with customers. The Group also uses workflow management tools which help to coordinate reviews and deliveries with third parties and limit the dependencies risks. Further mitigating client dependencies, with fixed bid awards, contracts have well-structured change order provisions to allow for the negotiation of award increases or decreases if a client materially changes the project scope or scale or for creative retakes.

The Group has a strong track record of delivering projects on time and on budget and has the global production capacity and resource management expertise to optimize utilization by sharing talent and technology across locations. Any delay in turnover by the client reduces the amount of time the Group has to complete the VFX shots, which may then require additional resources and costs in order to maintain the production schedule. This may cause budgetary overflows and constraints on resources allocations for other projects. In addition to such financial risk, the Group may face delays or slippages, sometimes leading, in extreme situations, to project cancellations.

The Group actively seeks to diversify its customer and project mix to mitigate financial performance volatility that may be caused by any significant dependency on a specific customer and/or sector. With a network of production studios across the globe and its Global Workforce Planning group, the Group also has the scale and technology to optimize resource allocation and utilisation if a specific project requires additional resources that were not previously anticipated or if a client changes its production schedule and/or release date for the project. The Group is currently undertaking several initiatives to optimize technology resource sharing among the businesses (e.g., cloud render utilisation), and to eliminate any overlapping R&D efforts by the centralisation of Technology and R&D groups while roll-out of a resourcing platform called DASH is being performed.

In addition, by increasing investment in Talent Recruitment, Learning & Development (including the Group's Technicolor Creative Studios Academy ("TCS Academy")), and its Global Workforce Planning group, the Group is engaged in active risk mitigation actions to improve its position in the global labour market and secure the talent needed to deliver on its projects.

### **3.2.3 Failure to attract talent and invest in culture\***

The Group depends on the continued recruitment and engagement of specialised personnel, with a strong skills set (creative, technical, operational, etc.) with specific industry knowledge. The Group may face talents' ability to easily change from one VFX provider to another in the same location - mainly Montreal (Canada) and Bangalore (India) - for higher salaries in the current highly competitive labour market. Furthermore, the talent pool from which the business draws the most important part of its staff is highly geographically mobile. The Group is particularly dependent on the continuous recruiting of many artists, production staff and technical talent, while competing for talent with existing direct competitors, new players (e.g., technology companies) and clients who are vertically integrating certain production services activities (i.e., bringing activities in-house). Any material delays in the immigration process (e.g., post-Brexit, pandemic-related, etc.) for new hires or transfers may also negatively impact the Group's operations. The absence of a strong People and Talent ("People & Talent", formerly known as human resources within the Group) strategy/value proposition, cultural initiatives for inclusion plus challenged financial results may lead the Group to be less attractive. Coupled with external pandemic or other challenges impacting travel and/or immigration, the Group may experience a longer recruitment process and/or talent may be less motivated to join the Group. The new working environment may entail significant work from home scenarios. Lack of initiatives to strengthen the collaborative culture and creativity could result in a sense of



isolation, mental health challenges, unethical behavior and/or inefficiencies. Some employees may be reluctant to go back to the office if assurance on the safety of our workplaces for employees and if return-to-work plans are not adequately communicated and properly implemented.

To limit the impact that these risks might have, People & Talent has reengineered its mission, operations, and programs to better suit the current environment and business needs. These initiatives include recruitment programs, annual talent reviews, and the launch of a global diversity, equity, and inclusion program aimed at demonstrating the Group's long-term commitment to celebrating our differences and representing the diversity of the communities and clients it serves. In addition to the TCS Academy, which serves as training camps for aspiring digital artists, the Group's Technicolor Creative Studios Talent ("**TCS Talent**"; formerly known as The Focus) consolidates talent recruitment across all business units to make more efficient the global recruiting process, identifies new talent pools, facilitates international mobility and fills capacity across sites. In 2021, about 1,600 artists (employees and potential employees) received training in the TCS Academy, mostly through virtual sessions, or on site in its primary hubs in Montreal and Bangalore. In 2021, under the restrictions generated by the pandemic, these sessions were migrated to live virtual delivery, ensuring flexibility and scalability. New virtual academies are supporting artist development across studios globally to ensure a consistent show-ready skill set. The TCS Talent team continues to build university partnerships to provide curriculum guidance to help ensure skill alignment with market needs, to provide mentoring to students, and to participate in recruitment initiatives all while promoting diversity. In the context of the spin-off, TCS Academy, TCS Talent and other People & Talent departments mentioned above will be managed directly by the TCS Group, while payroll and benefits will continue to be provided to the Group by Technicolor SA during a transitional period (see Section 3.5.2 "*Risks associated with the Company's dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously*" and Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus).

Regarding immigration, the Group has established and continues to nurture longstanding relationships with local external counsel and immigration administrators in order to encourage their support in facilitating the immigration process. As an element of differentiation to attract and retain employees, the Group strives continuously to improve its benefits policies across each location. Surveys were launched to check employees' morale and mindset for those employees who were working from home for long periods as well as a global employee engagement survey to identify the expectations at the time most employees return to the office. Soft skills training was delivered to support the change of working relations. A worldwide diversity, equity and inclusion initiative targeting all employees' communities was also launched with local involvement.

### **3.2.4 Skills and knowledge management, development and retention\***

The Group is highly dependent upon its management, production, artist and other employee base. Not having the proper tools and processes in place for the development of existing employees (e.g., training of soft and technical skills, career progression) combined with the lack of an appropriate identification process of key talents (such as high potential employee programs) may expose the Group to not being able to retain employees.

More than ever, retention of key employees is critical. Reorganisations, financial status, insufficient investment in systems, competitive poaching of talent, lack of a strong culture, inadequate succession planning, and lack of sufficient learning & career development opportunities may negatively impact the ability of the Group to retain employees and institutional knowledge in critical positions.

Significant investments are being made by the Group into wellness, learning & development, and career progression programs in order to retain talent, including the implementation of a new Learning Management System ("**LMS**") launched in July 2021, followed by global training campaigns. In order to drive engagement to LMS, a Group Learning & Development service offering has been put in place in 2021. Within this initiative, a pilot was launched with a digital curriculums catalog on the LMS for soft skills. A compliance learning program will be launched in 2022 and coaching will be supported throughout the platform as well.

Furthermore, several programs have been implemented across the Group to ensure proper knowledge retention and succession planning. Succession plans and identification of key employees are vital priorities of the People & Talent organisation. Therefore, succession planning for the Group's Executive Committee, divisional management, and other key talent will be regularly updated to the Governance & Social Responsibility Committee (see Section 15.4.3 "*Governance & Social Responsibility Committee*" of this Prospectus).

### 3.2.5 Cybersecurity\*

The secure maintenance and transmission of the Group's and customers' information are essential components of the Group's operations due to highly sensitive and confidential content. In that optic, cloud enablement and usage/support continue to evolve. The failure to have sufficient and effective content security systems and protocols both onsite and during remote working scenarios may lead to loss, disclosure, misappropriation, alteration and unauthorised sharing and access to sensitive information and assets (e.g., Intellectual Property). Products and data may be vulnerable due to the increase in volume and sophistication of hacking or other types of malicious attacks (e.g., phishing) which expose the Group to liabilities, extra cost for remediation, or compensation for prejudices. New vulnerabilities must be identified and monitored appropriately to avoid successful operational attacks. Log data from infrastructure and applications in the environment are the core to identifying or investigating security events and potential incidents. If log forwarding from key devices are interrupted for a significant period, it will reduce the "Security Operations Center" ("SOC") operational capabilities. Lack of consistent procedures could impact the Group's ability to successfully backup and restore systems. It is feasible that a flood of security breaches, incidents or attacks could overwhelm the SOC capability to manage, investigate and escalate them. Furthermore, remote work environments have now become a requirement across the globe because of the Covid-19 pandemic, potentially leading to greater content security risks as the security perimeter extends from our facilities into employees' homes. Failure of employees' awareness on cyber risks increases risk of phishing campaigns and introducing malwares into our systems. Those consequences may drive key customers to withdraw work from the Group, and are likely to expose the Group to significant financial burdens, liability, loss of reputation and loss of revenues.

The security actions related to content production networks are led by security teams at the Technicolor SA Group level which focus on the mitigation of these risks. These security actions and protocols are continuously implemented, enforced, evaluated and updated as production needs evolve and as new technologies or threats emerge. The security policies and the use of qualified suppliers, equipment and software, combined with regular security trainings, security assessments and penetration testing, aim to mitigate the risk to an acceptable level. For physical security risks, a dedicated team at the Technicolor SA Group level conducts risk assessments on all critical sites and suggests a remediation plan for local security coordinators when needed. In 2020, working in collaboration with clients and industry organisations, the Group successfully transitioned to secure work-from-home environments and workflows where required based on local government requirements. The Technicolor SA Group's security standards are, and the Group's security standards will be, continuously reviewed and updated to stay current with the industry's and with established security policies. Overall in 2021, the Technicolor SA Group supported over 268 security audits (with the majority associated with the Group), which included a combination of internal and external audits. Audit findings are tracked and managed by internal teams at the Technicolor SA Group level. In 2021, the Technicolor SA Group delivered security awareness training to all employees and provided multiple communications around phishing, malware, and general security practices, with an increased focus on the impacts of an increase in remote work. The Technicolor Cyber Security program since its introduction is being recalibrated quarterly and its initiatives are tracked regularly. The Group's technology teams have enabled faster adoption of enterprise scale tools and processes in partnership with the Global Security teams. Architecture, assessment and deployment of specific remote artist solutions, continuous implementation, enforcement, evaluation and update of security actions, protocols and standards in new production facilities are being performed. On the other hand, tracking and management of items identified for remediation are managed by and reported to the Technicolor Security Operations Center (TSOC).

As at the date of this Prospectus, IT systems and related security services are provided by Technicolor SA to the Group, and have not been autonomously developed by the Group or been subject of a direct contract concluded by the Group with third-party providers concerned. In the context of the spin-off, the majority of the IT and security services provided by Technicolor SA to the Group will continue to be provided to the Group by Technicolor SA during a transitional period (see Section 3.5.2 "*Risks associated with the Company's dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously*" and Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus).

### 3.2.6 Production incentives

Some states, provinces or countries like Canada, the United Kingdom, France and Australia have developed incentive programs for film, episodic, game development and/or advertising productions (primarily for the benefit of the Group's clients). These production incentive programs offer financial incentives, such as refundable tax credits, tax rebates or grants, primarily based on the eligible production costs incurred in a specific location. As a result, the Group has installed its main activities and production staff in certain locations attractive to its customers. As at the date of this Prospectus, the Group has not faced any significant divergence of interests between the location where the Group has installed its VFX and Animation production facilities and the location-based production incentives attractive to its customers. However, any material changes to the incentive programs available in such locations may significantly impact the decisions by customers on where they outsource production services like VFX and Animation. While the Group has been effective in optimizing the geographical footprint of its activities accordingly, and expect that it will continue to do so, there can be no assurance that the Group will not be adversely affected by changes in location-based production incentives, which is likely to expose the Group to potential loss of revenue.

The Group maintains an active watch on any potential material changes to the location-based production incentive landscape and strives to be agile in ramping up and down the facilities in the strategic geographies to respond to customers' preferences for where production services are done. The Tax and Public Affairs Departments of the Group work diligently to scrutinize the production tax incentive evolution and to provide guidelines to the operations regarding eligible criteria and administrative constraints. The Group has also established and continues to nurture longstanding relationships with local governments and trade organisations in order to be a leading participant early in any discussions regarding the evaluation and implementation of any changes to production incentives.

### 3.2.7 Diversity and human rights

Creative and innovative industries require diversity of talent: gender, culture, and experience, which are key elements and must be present across the Group's locations. Obstacles to diversity create a risk in the ability to attract and retain talent, attract work from clients who are increasingly seeking diversity from their production partners, or develop new services. These constraints apply from software development to the Visual Effects or Animation industries, as our services are equally used or watched by all gender identities around the world. Obstacles can be internal, despite Group initiatives to support diversity, equity and inclusion. Obstacles can also be external to the Group, preventing the recruitment of talent from diverse origins in a location. In growing markets, access to talent is key; and modification of these rules (e.g., immigration rules, national educational system, gender mix, etc.) can create tensions in the countries where the Group operates. As in any organisation, discrimination and harassment may occur. Beyond the fact that these behaviors are totally unacceptable in any work environment, such behaviors are also detrimental to the attraction and retention of talent, to the safety of the Group's operations, as well as to the reputation of the Group. Detection and prevention of human rights violations are essential, together with remediation in case of occurrence.

Internal proactive policies to increase the proportion of diversity in management positions in the Group is the first lever. Developing the Group's attractiveness as a place to work (responsibility, engagement, development) allows the Group to better absorb changes of regulation, compared to the competition, that may affect the Group's talent diversity. Proactive actions toward public authorities are key levers to mitigate the shortage of talent mix. Employee training is organised to raise awareness on harassment and discrimination, and to help prevent them. In certain countries, training sessions of self-defense are also organised for women. A whistleblowing hotline is open to receive harassment and discrimination alerts. Sanctions may be taken after investigation and conviction.

### 3.2.8 Business continuity

Critical processes and production activities may be impacted or even forced to cease operations as a result of natural disasters (e.g., earthquake, floods, pandemic, *etc.*) and/or government mandates (e.g., wars) or man-made incidents. Immature and inefficient business continuity plan (a "**Business Continuity Plan**" or "**BCP**") may significantly handicap the Group in returning to operations quickly, and may ultimately have a significant impact on its financial situation. For instance, the Group relies heavily on its Indian operations and any significant business disruption there would have a material impact on the Group. As of now, the Group has Business Continuity Plans. However, additional work remains to develop an efficient Group-level plan in the event of a major business disruption. Lack of tabletop exercises may also leave potential opportunities for improvement should risks materialize. Business continuity program performance must be tested to ensure they are operational

if needed, however insufficient resources may lead to reduced recovery testing by the businesses. Also, producing security assessment reports requires tools which licenses may be expensive and leverage infrastructure items that need maintenance. In addition, unavailability of key tools used for BCP and business operations along with insufficient data backup may cause business disruption. Risk of poor coordination between IT Disaster Recovery (“**Disaster Recovery**” or “**DR**”) and BCP operations may compromise the efficiency of continuity solutions. Not updating BCPs with lessons learnt from the pandemic may put the Group at a disadvantage. Insufficient awareness and ownership of incident management, escalation, response procedures and processes may also increase vulnerability.

Technicolor SA’s centralised Business Continuity Management System (BCMS), in addition to the existing BCP, was launched in 2021 across the Technicolor SA Group with increased visibility into governance and BCPs across all businesses. In the context of the spin-off, as the IT and security services will continue to be provided by Technicolor SA to the Group, the BCMS will continue to benefit to the Group until the Group is able to implement its own Business Continuity Management System (see Section 18.1.1 “*Transitional Services Agreement*” of this Prospectus).

### **3.2.9 Mergers & Acquisitions (“M&A”)**

The Group has in the past and will continue in the future to evaluate M&A opportunities that further the Group’s strategies. An M&A transaction can be time-consuming and a distraction to the Group’s management team. Identification, evaluation and valuation of an M&A target or partner can be highly subjective, may require significant amounts of capital, and may be subject to forward-looking projections and strategic plans that may never come to fruition. Post-M&A integration may also prove challenging and anticipated synergies may not be realised.

The Group has substantial experience in acquiring companies and assets, including the acquisitions of Mr. X Inc. (2014), OuiDO! Productions (2015), Mikros Image (2015), and The Mill (2015). The Group also continuously evaluates areas of underperformance and/or service lines that may become non-core to the Group’s strategy. Such evaluations led to the decision to sell the post-production services business in 2021. After extensive due diligence investigations, financial modelling and scenario analyses, all potential M&A transactions are reviewed at multiple stages by the Group’s Investment Committee and/or its Board of Directors, depending on the size of the transaction.

## **3.3 FINANCIAL RISKS**

### **3.3.1 Interest rate and exchange rate fluctuations\***

The Group faces both exchange rate translation and transaction risks.

Translation risk occurs as the Group’s Combined Financial Statements are presented in euros. Thus, assets, liabilities, revenues and expenses denominated in currencies other than the euro must be translated into euros at the applicable exchange rate to be included in the Group’s Combined Financial Statements. The fluctuation of exchange rates can have an impact on the value of the assets, liabilities, revenues and expenses in Group’s Combined Financial Statements, even if the value of these items has not changed in their original currency. The Group’s policy is not to hedge translation risk.

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 sales in U.S. dollar versus Canadian dollar, versus British pound and versus Indian rupee.

In 2019, 2020 and 2021 these sales versus Canadian dollars were U.S. dollar 167 million; 20 million and 17 million respectively. In 2019, 2020 and 2021 these sales versus British pounds were U.S. dollar 19 million; 5 million and 13 million respectively. In 2019, 2020 and 2021 these sales versus Indian rupee were U.S. dollar 90 million; 72 million and 91 million respectively.

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 puts in place intercompany hedges with the subsidiaries of the Group and in turn hedges the net exposures 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.

Foreign currency: the Group's main exposure is the fluctuation of the U.S. dollar against the Canadian dollar, the British pound and the Indian rupee.

The Group believes a 10% fluctuation in the U.S. dollar versus these currencies 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 these currencies on the Group's Profit from continuing operations before tax and net finance costs. 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.

<b>Profit from continuing operations before tax and net finance costs<sup>(1)</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Transaction impact	9	4	25
Translation impact	-2	-4	1
<b>Total</b>	<b>8</b>	<b>0</b>	<b>26</b>

(1) Profit impact is calculated as follows:

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

See also Note 9.5 to the Annual Combined Financial Statements for information about this risk and its management.

### **3.3.2 Indebtedness**

At the date of this Prospectus, the Company has received from French and non-French financial institutions commitments to grant a €623 million senior secured first lien term loan (the **"Initial Term Loan Facility"**) and an up to €40 million super senior secured first lien revolving facility (the **"Revolving Credit Facility"**, and together with the Term Loan Facility, the **"Facilities"**).

The proceeds of the Facilities will be applied as specified in Section 9.5 *"Description of main financial arrangements"* of this Prospectus.

The Facilities will be granted pursuant to a credit agreement governed by the law of the State of New York (the **"Facility Agreement"**) to be entered into prior to the spin-off, between, among others, the Company as parent borrower, Technicolor Creative Services USA, Inc. as co-borrower (**"TCS USA"**) and Goldman Sachs Bank Europe SE as administrative agent and collateral agent.

The level of debt may have significant negative consequences for the Group and its shareholders.

The level of debt (€663 million) relative to the Group's Adjusted free cash flow after lease (new definition) generation (€62 million in 2021):

- increases the Group's vulnerability to adverse general economic conditions and industry developments;
- may limit the Group's flexibility in planning for, or reacting to, changes in the business and the industries in which the Group operates;
- may limit the Group's ability to raise additional debt or equity capital; and
- may limit the Group's ability to make strategic acquisitions and take advantage of business opportunities.

Any of the foregoing could limit the Group's ability to grow its business. Failure to manage these risks effectively could adversely affect the financial condition and results of operations of the Group.

In addition, the Facilities Agreement contains financial and other covenants which limit the Group's flexibility in operating its business (such as, in particular, restrictions related to acquisition and investments, to the incurrence of indebtedness and to transactions with affiliates (see Section 9.5 "*Description of main financial arrangements*" of this Prospectus) and a breach of which may (in certain cases following the expiration of a grace period) constitute an event of default the occurrence of which entitles the lenders to cancel all commitments under the Facilities and to declare all amounts due under the Facilities immediately due and payable.

The Facilities Agreement also contains a financial covenant requiring compliance with a maximum ratio (the "**First Lien Net Leverage Ratio**") of:

- (a) the consolidated first lien Net Debt (as defined below) of the Company and its subsidiaries consisting of debt for borrowed money, financing and capital lease obligations, purchase money debt, and unreimbursed amounts owing in respect of letters of credit and, without duplication, any guarantees of any the foregoing items of the borrower and its subsidiaries, in accordance with IFRS which is secured by a first ranking lien on the collateral securing the Facilities *minus* unrestricted cash and cash equivalents and any cash applied as cash collateral granted to secure the debt concerned by the ratio of the borrower and its subsidiaries (the "**First Lien Net Debt**"), the Net Debt defined for such covenant is equal to the nominal value of the Group's debt excluding the operating lease debt under IFRS 16,

to

- (b) the "Earnings before Interest & Tax (EBIT) from continuing operations" of the Company and its subsidiaries, on a consolidated basis for the most recently completed four fiscal quarters ending on or prior the relevant test date (the "**Test Period**"), excluding the impact (to the extent included in the EBIT) of (i) restructuring costs, (ii) net impairment gains (losses) on non-current operating assets, (iii) other income (expense), (iv) depreciation and amortization, (v) usage based IT costs, (vi) "fair value adjustments or valuations" under IFRS, (vii) changes in provisions, (viii) any gain or loss against book value arising on the disposal (not made in the ordinary course of trading) or revaluation of any asset, and (ix) extraordinary and exceptional items of the Company, as adjusted to take into account the effect of certain acquisitions, disposals and other transactions completed during such Test Period (the "**Adjusted EBITDA from continuing operations**") (See Section 8.1.3 "*Key performance indicators*" of this Prospectus),

of 5.75 to 1.00. The financial covenant is tested on an annual and semi-annual basis with the delivery of the annual audited financial statements for each fiscal year ending 31 December and quarterly unaudited financial statements for each fiscal quarter ending June 30 (commencing with the first full half-year period ending after the Closing Date (as such term is defined in Section 9.5 "*Description of main financial arrangements*" of this Prospectus)).

Moreover, the Facilities Agreement includes so-called "cross default" clauses which, absent a waiver from the lenders, would provide them with the right to declare amounts that are outstanding under the Facilities Agreement at the time of any default under other financial loans documentation (plus accrued interest, fees and other amounts due hereunder) immediately due and payable.

Upon the occurrence of a change of control of the Group, all commitments under the Facilities may be cancelled by the lenders and any outstanding amounts under the Facilities may be declared immediately due and payable. The change of control is defined as the earlier to occur of:

- (a) pre-Distribution, Technicolor SA ceasing to hold 100% (subject to the exceptions set forth below) of, or having the power, directly or indirectly, to vote or direct the voting of, securities of the ordinary voting power for the election of directors, managers or other governing body of the Company, except subject to (i) one share of the Company transferred to Technicolor Sales Europe SAS upon transformation of the Company into a *société anonyme* and (ii) 35% of the outstanding share capital of the Company transferred to a *fiducie* securing the indebtedness of Technicolor SA (see section 20.1.6 "*Share capital of any member of the Group which is under option or agreed to be put under option*"); or
- (b) post-Distribution, one or several individual(s) or legal entity or entities, excluding Technicolor SA and Angelo Gordon entities, acting alone or in concert (within the meaning of article L.233-10 of the French Commercial Code), becomes the owner, directly or indirectly through companies themselves Controlled (to be defined in the Facilities Agreement) by the relevant individual(s) or entities acting alone or in concert (within the meaning of article L.233-10 of the French Commercial Code), of more than fifty percent (50%) of the then outstanding voting stock of the Company;

- (c) there is any disposition of all or substantially all assets of the Company and its subsidiaries (taken as a whole) to another Person (except, for the avoidance of doubt, any corporate reorganization permitted under the Facilities Agreement); or
- (d) the Company ceasing to hold, directly or indirectly, 100% of the shares and voting power in Tech 6 S.A.S (or Tech 7 S.A.S, if Tech 6 SAS is merged with and into either the Company or Tech 7 SAS , as applicable).

Notwithstanding the foregoing, to the extent applicable under French law, Tech 6 S.A.S shall not be entitled to merge with and into the Company unless on the date on which the Facilities are made available, the Company holds one share of Tech 7 SAS and such share is pledged by the Company (without prejudice to a pledge over the shares of Tech 7 SAS to be granted by Tech 6 SAS).

The Distribution does not and will not constitute a change of control of the Group under the Facilities.

The Group cannot ensure that it would have sufficient liquidity to reimburse or be able to refinance all or part of the amounts that came due following an event of default or change of control.

The risks related to indebtedness are and will be managed by a close monitoring of the level of the Group's debt and debt maturity schedule, and the compliance with all covenants and restrictions (including operational restrictions) in the Group's debt documentation. This monitoring is part of the Group's management of its liquidity risk. With specific regard to indebtedness it consists of using the Group's 13 week and monthly cash forecasts to project future leverage ratios, covenant ratios and respect of scheduled debt maturity payments. The results of this regular monitoring is reported regularly to the Chief Financial Officer, the Audit Committee and the Board of Directors and may lead the Group to take action such as reducing debt levels, refinancing or renegotiating its debt, or raising equity. See also Note 9.5.5 to the Group's Annual Combined Financial Statements for information about this risk and its management.

### **3.3.3 Liquidity**

Liquidity is the risk of not having funds to meet future financial obligations. This risk can arise if the Group's financial position deteriorates, limiting its access to financial markets or if suppliers reduce payment terms. At 30 June 2022, the Group's gross debt amounted to €366 million (see Note 6.2 to the Interim Combined Financial Statements) and the Group's positive cash position amounted to €11 million, however at the date of the admission of the Company's Shares to trading on Euronext Paris, the Group's level debt will amount to €663 million. In order to identify and quantify this risk, the Group has put in place regular cash forecasting, on a short-term 13-week basis, as well as, monthly cash forecasts covering longer periods. This forecasting allows the Group to compare its forecasted liquidity with its forecasted cash needs, in particular working capital requirements, investments and debt repayments (see Note 6.5 to the Interim Combined Financial Statements).

To manage this risk, the Group's treasury management is centralised. The central treasury team manages current and forecasted financing needs and will establish policies aimed at securing continued and uninterrupted access to the financial markets on reasonable terms.

In order to monitor the Group's liquidity, the Finance and Treasury Department monitors the relative proportion of the Group's debt and equity, and it uses the Group's combined cash forecasts to track the ability to meet scheduled debt payments and other future financing needs and to respect the covenants in its debt documentation. The results of this monitoring are reported regularly to the Chief Financial Officer, the Audit Committee and the Board of Directors.

### **3.3.4 Impairment of non-current assets, including goodwill**

If management's estimates change or market conditions adversely evolve, the estimate of the recoverable value of the Group's assets could decrease significantly. If the Group does not generate revenues from its businesses as anticipated, the businesses may not generate sufficient positive operating cash flows. This, or other factors, may lead to a decrease in the value of the Group's intangibles assets, including goodwill, resulting in impairment charges, which could have a material adverse effect on the Group's results of operations or financial position. At 31 December 2021, the Group's accounted for €188 million of goodwill and €96 million of net intangible assets. At 30 June 2022, the Group's accounted for €195 million of goodwill and €100 million of net intangible assets.

The Group may experience significant impairment charges in future periods, particularly in the event the markets for the Group's products and services experience further deterioration. For additional information on the impairment tests, see Note 4 to the Annual Combined Financial Statements.

### 3.4 LEGAL AND TAX RISKS

#### 3.4.1 Evolving legal compliance and ethics\*

The Group operates in a large number of countries, involving various and complex regulations. The laws and regulations to which the Group may be subject include, but are not limited to, general business practices, competitive practices, anti-corruption, handling of personal data, consumer protection, corporate governance, employment laws, local and international tax regulations and intellectual property rights (see Chapter 10 "*Regulatory Environment*" of this Prospectus). Any major changes in these laws and regulations could impact the Group's businesses. In addition, should the Group fail to adopt a defined and strong governance, the Group might possibly be exposed to potential liabilities. Despite its best efforts, the Group may have to face proven or unproven allegations that it has failed to comply with national or international regulations, and this could have a negative impact on its reputation, growth outlook prospects and financial performance.

To limit its exposure to such risks, Technicolor SA Group has developed, and the Group will develop, compliance programs to cover issues common to its businesses. These programs are intended to be regularly updated and reviewed with the Board of Directors. Under the control of management and through the actions of the Chief Compliance Officer, the Group will seek to constantly improve its programs and employee awareness initiatives and to put in place procedures for preventing and handling potential risks in this regard. Moreover, the Company audits, and will continue to audit, its subsidiaries around the world on a regular basis and consults outside experts to validate compliance with applicable regulations across all aspects of its operations. The Company conducts a compliance approach across the Group, building on its Code of Ethics and culture of integrity. This compliance program sets down general rules and procedures that must be respected by all employees and entities on the basis of which, a series of business specific and, as applicable, local procedures are then defined. These procedures are translated and adapted in line with local regulations and culture.

#### 3.4.2 Litigation

In the ordinary course of business activities, the Group has been involved, and in the future, might become involved, in legal, administrative, arbitration and regulatory proceedings and is subject to tax, customs and administrative audits. The fines, damages, settlement amounts or amounts otherwise due in connection with these legal proceedings, may be significant. There can be no assurance that any of the legal proceedings and audits in which the Group is involved or becomes involved in the future will not result in payments being made by the Group, including possibly in excess of amounts provisioned, or that any such payments will not have a material adverse effect on the Group's results of operation and financial condition. As at 31 December 2021, the total amount of provisions for risks and litigation related to of the Group amounted to €5 million (see Note 12 to the Annual Combined Financial Statements). There are no governmental, legal or arbitration proceedings of which the Group is aware, that are currently pending or threatened, which may have, or have had over the past 12 months, a significant effect on the financial position or profitability of the Group.

#### 3.4.3 Applicable taxation regimes and changes therein

Given the footprint of the Group's operations globally, the Group is subject to complex tax laws and regulations in the various countries where it operates. It is subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of its operations and its corporate structure. Adverse developments in applicable tax laws or regulations, or any change in the position by the relevant authorities regarding the application, administration or interpretation of any applicable tax laws or regulations, could subject the Group to additional or increased tax payments, and in turn have a material adverse effect on the Group's business, financial condition and results of operations. In this regard, the fast-paced development of the global economy has led, and may lead, to public authorities adapting, or considering to adapt, tax regimes applicable to the Group, which could further subject the Group to changes in tax legislation in the countries where it operates. Given the international nature of the Group's operations, the Group is particularly impacted by changes to regulations relating to transfer pricing, permanent establishment and withholding tax on the repatriation of funds rules, which can be particularly complex and subject to divergent interpretations.



In addition, the Group often relies on generally available interpretations of applicable tax laws and regulations including interpretations made by the relevant tax authorities and courts of law. There cannot be certainty that the relevant tax authorities or courts agree with the Group's interpretation of these laws or, as the case may be, that such tax authorities or courts do not depart from the generally available interpretations of applicable tax laws and regulations on which the Group often relies. The interpretation and application of these laws and regulations could therefore be challenged by the relevant governmental authorities, which could result in administrative or judicial procedures, actions, or sanctions, which could be material.

Furthermore, the Group is likely to be subject to tax inspections by the local authorities in the normal course of business. Tax inspections could result in adjustments and sometimes give rise to tax litigation before the competent courts.

### 3.5 RISKS RELATED TO THE SPIN-OFF

#### **3.5.1 The Company may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect its business\***

The spin-off is expected to provide the following benefits, among others:

- enhanced strategic and management focus;
- distinct investment identity;
- more efficient allocation of capital;
- direct access to capital markets; and
- alignment of incentives with performance objectives.

The Company may not achieve these benefits and other anticipated benefits, or such benefits may be delayed or not occur at all, for a variety of reasons, including, among others:

- the execution of the spin-off will require significant time and attention from the Company's management, which could impact other strategic initiatives;
- following the spin-off, the Company may be more susceptible to market fluctuations and other adverse events than if it were still a part of Technicolor SA;
- the costs associated with being an independent public company (see Section 18.1.5 "*Impact of the admission on the Group's cost structure*" of this Prospectus);
- the assumptions made by the management relating to the dissynergy costs of the spin-off (see Section 12.1 "Assumptions" of this Prospectus) may be changed or adjusted and such costs may be higher than expected;
- following the spin-off, the Company's business will be less diversified than the Technicolor SA business prior to the spin-off; and
- the actions required to separate the Company's from Technicolor SA's could disrupt its operations (see Section 3.5.2 "*Risks associated with the Company's dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously*" and Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus).

Additionally, as a separate public company, the Company will be a smaller and less diversified company than Technicolor SA, and it may not have access to financial and other resources comparable to those available to Technicolor SA prior to the spin-off, it being specified that the Group nevertheless put in place a financing scheme to meet liquidity needs (see Chapter 9 "*The Group's liquidity and capital resources*" of this Prospectus).

However, the Company cannot predict the effect that the spin-off will have on its relationship with clients, partners or employees or other stakeholders, including its relationships with its key customers listed in Section 5.6 "*The Group's Customer Base*". Furthermore, as a less diversified company, the Company may be more likely to be negatively impacted by changes in global market conditions, regulatory reforms, and other industry factors, which could have a material adverse effect on its business, prospects, financial condition, and results of operations. If the Company fails to achieve some or all of the benefits expected to result from the spin-off, or if such benefits are delayed, its business, financial condition, and results of operations could be adversely affected.

#### **3.5.2 Risks associated with the Company's dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously**

At the date of this Prospectus, the Group carries on its activities in the context of a group whose parent company, Technicolor SA, provides central support and general administrative functions in areas such as risk management,

internal audit and control, IT and telecommunication systems, human resources, cash management, real estate, corporate social responsibility leadership, communication and certain accounting, financial, legal and fiscal functions. At the date of this Prospectus, if Technicolor SA was no longer able to perform such central support and general administrative functions, the functioning of the Group might be disrupted as a result. The Company would then have to rapidly internalise these functions by recruiting and if necessary using other external service providers, which could give rise to substantial costs, which would, however, be partially offset by the end of the fees paid to Technicolor SA in consideration of the provision of such functions.

The Company's separation from the Technicolor SA Group could generate operational disruption associated with the setting up of the structures necessary for it to function as an independent listed company.

Following the admission of the Company's Shares to trading on Euronext Paris, Technicolor SA will continue to provide some of these services to the Group to facilitate the Group's transition to greater autonomy. In particular, the Company intends to enter into a transitional services agreement with Technicolor SA by the date of admission of the Company's Shares to trading on Euronext Paris (the "**Transitional Services Agreement**" or "**TSA**") that will provide for the performance of key business services by the Technicolor SA Group for the Company's benefit, including in relation to certain treasury related services, for a period of time after the completion of the listing and distribution of the Company's Shares until each service has been separated (see Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus). Pursuant to the provisions of the Transitional Services Agreement, the Company may (i) extend the term that a service is provided for, subject to a maximum aggregate service term of 24 months; and (ii) terminate any or all services early subject to a 90 days' notice being given.

The Company will rely on the Technicolor SA Group to satisfy its obligations under the Transitional Services Agreement. If the Technicolor SA Group is unable to satisfy its obligations under the Transitional Services Agreement, the Company could incur operational difficulties or losses. If the Company does not have in place its own systems and services, or if the Company does not have agreements with other providers of these services once the Transitional Services Agreement expires, it may not be able to operate its business effectively and this may have an adverse effect on its business, financial condition, and results of operations. Further, the expiry or termination of the Transitional Services Agreement could disrupt the running of the Group, if it is not then in a position to provide the functions internally, or give rise to substantial replacement costs (whether due to the recruitment of new internal resources, or the use of other external service providers).

In order to conduct its activities as an autonomous listed company, the Group will have to develop its own support and general administrative functions, and recruit or train the necessary personnel before the end of the transitional periods applicable to the services in question, and, if necessary, with Technicolor SA's assistance (see Chapter 18 "*Related party transactions*" of this Prospectus). The Group might encounter difficulties in setting up or operating its own autonomous functions, in recruiting, training or retaining the necessary personnel, and/or in negotiating agreements with new contractors on terms equivalent to those concluded with or by the Technicolor SA Group. In addition, part of these IT systems are provided pursuant to contracts concluded with the Technicolor SA Group and have not yet been autonomously developed by the Group or been the subject of a direct contract concluded by the Group with the third-party service providers concerned. Also, the Group cannot guarantee that the cost of the services and functions that it will develop on its own will not exceed the cost of the payments and fees historically borne in respect of the services provided and invoiced by the Technicolor SA Group (in the area of insurance for instance (see Section 3.7.1 "*The Group's policy regarding insurance*" and Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus)). Furthermore, that cost will be subject to the addition of new costs such as those associated with its future status as a listed company. The availability of the management team to monitor operational activities could also be affected by this, which could have a material adverse impact on the Group's activity, results, outlook, financial position and assets.

Subsequently to the date of the admission of the Company's Shares to trading on Euronext Paris, two directors (Anne Bouverot and Bpifrance Participations SA) will remain as independent director of Technicolor SA<sup>10</sup> and will sit as non-independent Chairperson for Anne Bouverot and as non-independent board member for Bpifrance Participations (represented by Thierry Sommelet) in the Board of Directors of the Company (see Section 13.1.1 "*Board of Directors*" of this Prospectus). In order to manage and prevent the occurrence of situations of potential conflicts of interest (see Section 13.2 "*Conflicts of interest*" of this Prospectus), the Board of Directors' internal regulations that will be in effect as of the admission of the Company's Shares to trading on Euronext Paris shall provide that a director in a situation of potential conflict of interests must abstain from attending the related deliberations of the Board of Directors and participating in the corresponding vote (see Section 20.2.1.1 of this

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<sup>10</sup> Anne Bouverot will resign from her mandate as Chairperson of the Board of Directors of Technicolor SA.

Prospectus). It shall further provide that the Board of Directors may decide to appoint a Lead Independent Director in order to optimize the balance of power and the management of potential conflicts of interest in the event that the Chairperson of the Board of Directors is not considered independent (see Section 15.3 “*Lead Independent Director*” of the Prospectus).

### **3.5.3 Completion of the spin-off remains subject to approval by the ordinary part of the combined general meeting of Technicolor SA shareholders meeting due to take place on 6 September 2022, or any other general meeting convened to vote on the same agenda, of the second resolution**

The allotment of the Company’s Shares to Technicolor SA shareholders and the admission of the Company’s Shares to trading on Euronext Paris remain subject to approval by the ordinary part of the combined general meeting of Technicolor SA shareholders due to take place on 6 September 2022, or any other general meeting of Technicolor SA convened to vote on the same agenda, of the second resolution relating to the distribution of part of Technicolor SA’s share issuance premiums through the distribution of shares in Technicolor Creative Studios (the “**Distribution**”).

Failure to satisfy this condition would prevent completion of the allotment of the Company’s Shares to Technicolor SA shareholders and the admission of those Shares to trading on Euronext Paris.

The following Technicolor SA shareholders have informed the Company that they irrevocably undertake to vote in favour of the second resolution of the upcoming Technicolor SA shareholders’ general meeting relating to the allotment of the shares in the Company:

- Angelo, Gordon & Co., L.P., owning 12.6% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Credit Suisse Asset Management, owning 9.5% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Briarwood Chase Management, owning 9.2% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Bpifrance Participations SA, owning 9.0%<sup>11</sup> of the capital and voting rights of Technicolor SA at 30 June 2022;
- Baring Asset Management Ltd, owning 7.9% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Bain Capital Credit, LP, owning 7.0% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Farallon Capital Management, owning 6.1% of the capital and voting rights of Technicolor SA at 30 June 2022; and
- Goldman Sachs Group, Inc., owning 4.4% of the capital and voting rights at 30 June 2022.

The second resolution of the upcoming Technicolor SA shareholders’ general meeting relating to the allotment of the shares in the Company is then subject to irrevocable undertaking to vote from the above mentioned shareholders representing a total of 65.7%<sup>11</sup> of the capital and voting rights of Technicolor SA as at 30 June 2022. However, such shareholders are not bound by any lock-up undertaking in respect of their respective shareholding in Technicolor SA (See Section 23.4.4 “*Lock-up agreement*” of this Prospectus).

In the absence of approval by Technicolor SA shareholders of the Distribution, the allotment of the Company’s Shares on current terms and their admission to trading on Euronext Paris would not take place.

### **3.5.4 Risks associated with the Technicolor SA Group’s stake in the Company**

On the date of admission of the Company’s Shares to trading on Euronext Paris, following the allotment of the Company’s Shares by Technicolor SA to its shareholders, the Technicolor SA Group should still own about 35% of the authorised share capital and voting rights of the Company, it being specified that the disposal of such stake will be considered by Technicolor SA ahead of or following the spin-off, depending on market conditions, with a view to further and significantly deleverage both new entities.

Depending on the level of participation at the Company’s general meetings, Technicolor SA may be able to influence the adoption or rejection of resolutions submitted for the approval of the Company’s shareholders at

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<sup>11</sup> This percentage amends certain shareholding information concerning Bpifrance Participations SA and Caisse des Dépôts et Consignations.

ordinary and/or extraordinary general meetings, and particularly the appointment or dismissal of members of the Board of Directors, approval of the annual financial statements and the distribution of dividends, as well as authorisations to increase the capital, merger or asset contribution transactions, or any other decisions requiring the approval of the Company's shareholders.

### 3.6 RISKS ASSOCIATED WITH THE COMPANY'S SHARES

#### **3.6.1 The combined post-spin-off value of the Company's Shares and Technicolor SA shares may not equal or exceed the aggregate pre-spin-off value of Technicolor SA shares\***

After the spin-off, Technicolor SA shares will continue to be traded on Euronext Paris. The Company's Shares will be traded under the symbol "TCHCS" on Euronext Paris. As a result of the spin-off, Technicolor SA expects the trading prices of Technicolor SA shares at market open on 27 September 2022 to be lower than the trading prices at market close on 26 September 2022, because the trading prices will no longer reflect the value of the Company's Business which will commence trading on Euronext Paris as of such date on an if-and-when-delivered basis. There can be no assurance that the aggregate market value of the Technicolor SA shares and the Company's Shares following the spin-off will be higher than, equal to, or lower than the market value of Technicolor SA shares if the spin-off did not occur. This means, for example, that the combined trading prices of one Technicolor SA share and one Company's Share after Euronext Paris opens on the date of the admission of the Company's Shares on Euronext Paris may be higher than, equal to, or less than the trading price of one Technicolor SA share up to 26 September 2022. In addition, following the close of business on 28 September 2022 but before the commencement of trading on 29 September 2022, Technicolor SA shares will reflect an ownership interest solely in Technicolor SA and will not include the right to receive any Company's Share in the spin-off, but may not yet accurately reflect the value of such Technicolor SA shares excluding the Company's Business.

In addition, after the spin-off, the value of the remaining minority stake held by Technicolor SA in the Company will be valued in its balance sheet at the date of the spin-off based on the valuation report issued by an expert (see Section 23.3.1 of this Prospectus). At the end of the financial year, the Technicolor SA Group will reevaluate this stake in the Company based on the quotation of the Group and recognize an unrealized profit or loss in its consolidated financial statements.

#### **3.6.2 The Company's Shares have not previously been traded on a regulated market and an active market may not develop or persist\***

Until the admission to trading of the Company's Shares on Euronext Paris and trading on Euronext Paris commences, which is expected on 27 September 2022, there is no public trading market for the Company's Shares.

Before the Company's Shares are first listed, Euronext Paris will publish a theoretical reference price for the Company's Shares. This price will only be used to fix the reservation thresholds at the opening of the first trading session and to calculate the day's performance of the Company's Shares. This theoretical reference price will not in any way prejudice the price at which the Company's Shares might be traded, and similarly might not reflect what the market price of the Company's Shares will be in the months following the admission to trading of its shares, when various market players will have a better knowledge of the Group.

The Company can give no assurance that an active trading market for the Company's Shares will develop after the Distribution or, if it does develop, that it will be sustained or liquid, in particular given that the free float will be approximately 33% of the issued ordinary share capital of the Company following the implementation of the Distribution. If such a market fails to develop or is not sustained, the liquidity and trading price of the Company's Shares could be adversely affected, as well as increase their price volatility. Even if such market develops or is sustained, the market price for the Company's Shares may fall below the reference price, perhaps substantially.

As a result of fluctuations in the market price of the Company's Shares, investors may not be able to sell their Company's Shares at or above the reference price, or at all.

#### **3.6.3 The market price of the Company's Shares may be volatile\***

The theoretical reference price of the Company's Shares will not in any way prejudice the price at which the Company's Shares might be traded following the admission to trading of the Company's Shares on Euronext Paris. The market price of the Company's Shares is likely to vary significantly compared to the theoretical reference price of the Company's Shares and might also be significantly affected by a number of factors having

an impact on the Company, its competitors or economic conditions in general and the media and entertainment sector in particular.

In addition, stock markets generally have experienced significant fluctuations in recent years. These fluctuations have not always been related to the performance or prospects of the specific companies whose shares are traded. Broad market fluctuations and general political or economic conditions, including relating to the Ukrainian conflict and associated geopolitical tensions or the Covid-19 pandemic, may adversely affect the market price of the Company's Shares and cause the value of an investor's investment in the Company's Shares to decline.

### **3.6.4 The issue of or substantial sales of the Company's Shares may adversely affect the market price of the Company's Shares\***

Upon completion of the allotment of the Company's Shares by Technicolor SA to its shareholders and the admission of the Company's Shares to trading on Euronext Paris, Technicolor SA should still own about 35% of the Company's authorised capital and voting rights, it being specified that the disposal of such stake will be considered by Technicolor SA ahead of or following the spin-off, depending on market conditions, with a view to further and significantly deleverage both new entities (see Section 17.1 "*Shareholders*" of the Prospectus). Neither Technicolor SA, nor the Company, nor any Technicolor SA shareholders are as of the date of this Prospectus, or will be post spin-off, subject to lock-up agreements. Technicolor SA and Technicolor SA shareholders receiving some Company's Shares in the spin-off may sell those shares immediately in the public market. Certain Technicolor SA shareholders and some of its larger shareholders, may sell their shares for a variety of reasons, including, among others, the Company's business profile or market capitalization as a standalone company, changes in such shareholder's investment objectives, or a determination by such shareholder that holding the Company's Shares to be impractical or difficult due to listing, tax, or other considerations, or, in the case of index funds, as a result of Technicolor Creative Studios not being a participant in the index in which such index fund is investing. A potential issue related to the Company's Shares, the concentration of ownership of the Company's Shares (see Section 20.1 "*Share Capital*" of this Prospectus) and the decision of Technicolor SA or of another significant shareholder to sell significant amounts of the Company's Shares, or the perception in the market that this will occur, may depress the market price of the Company's Shares due to such significant number of the Company's Shares offered to sell on the market and could cause the market price of the Shares to decline.

## **3.7 INSURANCE AND RISK MANAGEMENT**

### **3.7.1 The Group's policy regarding insurance**

#### *Organisation policy*

The Company's insurance policy is coordinated by the "Corporate Insurance Department" as at the date of this Prospectus and will, as from the date of the spin-off, be coordinated by the "Corporate Insurance Department" of the Company. The "Corporate Insurance Department" arranges global insurance programs covering the major risks related to the Company's activities that are underwritten with well-known insurers via global brokers.

Each Group company is responsible for providing the Corporate Insurance Department, acting in coordination with the operational departments, with the information necessary to identify and qualify the insured or insurable risks falling within the scope of the Group and for implementing the necessary means to ensure business continuity in the event of a claim. On this basis, the Corporate Insurance Department, with the assistance of a broker or external advisor, negotiates annually with the major insurance companies to implement the most appropriate coverage for these risks.

The implementation of insurance policies is based on the determination of the level of coverage necessary to meet the reasonably-estimated occurrence of liability, damage or other risks. This evaluation takes into account the assessments made by the insurers as underwriters of the risks. Uninsured risks are those for which there is no offer of coverage in the insurance market, or for which the offer of coverage and/or its cost is not commensurate with the potential benefit of insurance, or for which the Group considers that the risk does not require insurance coverage.

The insurance programs, established at Technicolor SA Group level as at the date of this Prospectus (see Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus), are implemented through a "Master" insurance policy that strengthens the coverage offered by local policies and provides "difference in conditions" and "difference in limits" over these policies.

In the context of the spin-off, the insurance programs at Technicolor SA Group level will continue to benefit to the Group until their renewal period at the end of 2022 and as from 1 January 2023 the Group will implement its own insurance program (see Section 18.1.1 “*Transitional Services Agreement*” of this Prospectus).

In addition, in partnership with its insurers, Technicolor SA Group has developed a loss prevention program to reduce its exposure to its assets and operating losses that may occur in case such risks should materialize.

The Group intends to continue its policy of comprehensive coverage for all its exposure to major risks, expand its coverage when necessary, and reduce costs through self-insurance when it is deemed appropriate. To date, the Group does not have an insurance captive or reinsurance company.

#### *Core insurance programs and policies*

The Technicolor SA Group insurance policies are, and the Group insurance policies will be, issued on an “all risks” basis, with standard market exclusions. The deductible levels are determined and applied according to the assets and operational risks of the business units.

The main insurance policies contracted by the Technicolor SA Group, and that will be contracted by the Group, include:

- *property insurance*: this program provides cover for risks of fire, water damage, natural events, terrorism (depending on the legal restrictions in each relevant country or state) and business interruption resulting from these events. This cover is generally set on the basis of property value. Where this is impossible, cover is set at a level corresponding to the worst-case scenario subject to market constraints. Generally, when damage to insured assets could lead to a business interruption, insurance is taken out to cover the financial consequences, such as operating losses and/or additional costs. The amount of cover reflects the expected downtime at the damaged site based on the worst-case scenario and on the recovery plans in place. The Technicolor SA Group carries exposures in high risk natural hazard areas and has purchased adequate specific insurance coverage in this regard;
- *liability insurance*: this program provides cover for general and professional liability in the course of business operations as well as product liability for the entire Technicolor SA Group. The Technicolor SA Group has, and the Group will have, an insurance coverage for the risks associated with the liability of its Directors and officers and also a liability coverage related to any environmental damage caused by pollution;
- *workplace accident*: insurance policies are purchased whenever required by law or when activities or circumstances render them necessary (e.g., Employer’s Liability in the United Kingdom, Workers’ Compensation insurance in the United States).

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

In the context of the implementation by the Group of its own insurance program from 1 January 2023, and having taken into account the recent evolution of the insurance market, the Group expects to a rise in premiums as compared to the current premiums paid by the Technicolor SA Group (see Section 3.5.2 “*Risks associated with the Company’s dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously*” and Section 18.1.1 “*Transitional Services Agreement*” of this Prospectus).

### **3.7.2 Management of risks and internal control**

#### **3.7.2.1 The global risk management and internal control system**

##### *Objectives*

Risk management is closely monitored by the Group’s management, with close involvement of internal control. The Group’s risk management and internal control systems rely on a range of resources, procedures and actions intended to ensure that the necessary steps are taken to identify, analyse and control:

- significant risks liable to have an impact on the assets of the business, whether they are of a financial nature (risks that could jeopardize the reliability and transparency of financial information, risks of mistakes or fraud) or of an operational nature (risks arising from the Company's business and that of its subsidiaries);
- significant risks that may impact the Group's ability to achieve its near and long-term objectives;
- significant risks liable to have an impact on the objective of compliance with current laws and regulations and with the internal practices developed within the Group.

The Group's main mission of risk management is to identify, assess and prioritise risks and to assist the Group's management in choosing the most appropriate risk management strategy and, in order to limit significant residual risks, to define and monitor the related action plans.

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

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

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

#### *Organisational framework*

A major proportion of the process of management of risks and internal control is currently monitored by the group management of the Technicolor SA Group (see Section 3.5.2 "*Risks associated with the Company's dependence on Technicolor SA Group, the spin-off from the Technicolor SA Group and the adjustments needed for the Group to carry out its business autonomously*" and Section 18.1.1 "*Transitional Services Agreement*" of this Prospectus). In the context of the admission of its Shares to trading on Euronext Paris, the Company has planned to adopt a similar system at Group level.

The Group Management is organised around two principal bodies:

- the Executive Committee;
- the Management Committee.

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

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

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

The Internal Audit Department is now attached to the group management of the Technicolor SA Group. The Company intends to set up its own Internal Audit Department as from the admission of its Shares to trading on Euronext Paris. The Internal Audit Department will perform independent and objective assurance, and consulting

audits that are dedicated to adding value and improving the Group's performance. It will conduct risk assessments at all levels within the Company, identify and propose improvements in financial and operational processes, and helps the organisation define action plans to mitigate risks especially those previously managed at the Technicolor SA Group level and reinforce the control environment and governance principles. The Internal Audit Department will also provide oversight support in the Technicolor Risk Management process. Under the responsibility of the Chief Audit Executive, Internal Audit, Internal Control, and Enterprise Risk Management will allow for an effective integrated framework with coordination and efficiencies surrounding the risk identification/mitigation and maturing of the internal control environment. It enables Internal Audit recommendations to be better embedded in the internal control framework.

The Internal Audit Department will issue a report of its results to the Group's management, together with recommendations, following each task that it carries out. The Audit Committee reviews and approves the annual Internal Audit Plan based on the pluri-annual Internal Audit plan and is informed of the main audit results. Throughout the year, the Internal Audit Department will present the audit schedule to the External Auditors, provide updates and share conclusions of the reports resulting from audit reviews. In addition, the Internal Audit Department will coordinate control processes/sites reviews with the External Auditors to ensure coverage of various areas.

As from the admission of the Company's Shares to trading on the regulated market of Euronext Paris, the Audit Committee set up within the Company's Board of Directors will be responsible, in particular, for ensuring the relevance, reliability and implementation of the Company's internal control, identification, hedging and risk management procedures relating to its activities and to financial and non-financial accounting information. In particular, the Audit Committee should hear from the heads of internal audit and regularly review the Group's risk mapping (also see Section 15.4 "*Committees of the Board of Directors*" of this Prospectus).

The other functional departments involved in risk management and internal control are now centralised at the level of the Technicolor SA Group: the Finance Department (excluding the Treasury Department), the Legal Department, the Social and Environmental Responsibility Department, and the Department responsible for the Safety of Persons and Property. The IT Systems Department acts mainly at Group level. The Company intends to set up its own Legal Department and Treasury Department as from the date of the spin-off and a Finance Department (for remaining finance functions other than Treasury) and a Corporate Social Responsibility Department, within a period of 18 months following the admission of its Shares to trading on Euronext Paris.

The Corporate Insurance Department is responsible for (i) monitoring risk management in close collaboration with the Executive Committee, the Management Committee and the Technicolor Risk Management (defined below) process and (ii) implementing an internal control mechanism to respond to the risks identified in the risk mapping and those new risks defined in this Prospectus along with mitigating actions for those risks previously managed at the Technicolor SA Group level.

### 3.7.2.2 Mapping of the main risks

In the context of its risk management procedure, the Group maps its principal risks. The process of preparation and review of the mapping of the risks to which the Group is exposed makes it possible to identify the principal risks to which the Group is exposed, and to assess, for each of those risks, their potential impact and the implemented action plan, and in particular the persons responsible within the Group for the associated monitoring and controls. Every year, the risk mapping is reviewed and reassessed with any potential new risk.

The risk management process is under the Executive Committee's responsibility with the significant support of the Management Committee and is called Technicolor Risk Management ("TRM").

The risk identification and analysis process consists of an annual four-step-process, supported by the Internal Audit Department. It was revamped in 2020 and consists of a bottom-up and top-down structured approach, summarised as follow:

- risk identification by risk advisory leads and their subcommittees including stakeholders of different areas and incorporated (with the support of Internal Audit) into the consolidated questionnaire completed by each member of the Executive Committee and the Management Committee; and Key Subject Experts;
- synthesis of main risk areas into a Risk Universe;
- ranking of risks according to criteria including potential impact and vulnerability, performed by Executive Committee, Management Committee members, and other relevant stakeholders



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

In 2022, Internal Audit will implement a new Governance, Risk and Compliance (GRC) tool, which will streamline the risk management process, allowing further efficiency in capturing, assessing, and monitoring the Group's risks.

As the location of the Company's head office is in France and that following the spin-off its workforce will account more than 5,000 employees, the Company will be required to implement a vigilance plan of its own for the activity of the Group.

### 3.7.2.3 The ethical organisation and system

Ethical behavior is one of the Group's core values and one of its major preoccupations. The values and principles of conduct for the Group's managers and employees are defined in two of the Technicolor SA Group's three principal internal documents: the Group's Code of Ethics, the Financial Ethics Charter and the Anti-bribery and Anti-corruption Policy. In view of the admission to trading of its Shares on Euronext Paris, the Company plans to adopt similar documents.

Created in 1999 and last updated in 2020, the Code of Ethics establishes the foundation of the Group's core values and requires all employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The Code of Ethics details the specific rules to guide employees in their day-to-day activities. It is translated in five (5) languages (English, French, Spanish, Portuguese and Polish). All employees were required to individually acknowledge the Code of Ethics during 2021. The Group has also updated several additional key policies including a Whistleblower Policy, Anticorruption Policy and Manual, and Ethical Sourcing Policy.

The Group also intend to create an Ethics Compliance Committee of its own, which will be responsible for all ethical issues related to the Group's activities and which will be governed by the Code of Ethics and a charter for the Ethics Compliance Committee. This will include implementing any new policies if needed, training on existing policies, and investigating any and all reports of unethical behavior.

To reinforce awareness of the ethical dimension of finance activities, Technicolor SA Group has published an Ethics Charter specific to Finance personnel and activities. It was signed by the Chief Executive Officer and the Chief Financial Officer, and is distributed to key persons within the Finance organisation.

#### **4. INFORMATION ABOUT THE ISSUER**

##### **4.1 LEGAL AND COMMERCIAL NAME**

The Company's corporate name is "Technicolor Creative Studios".

##### **4.2 REGISTRATION LOCATION AND NUMBER AND LEGAL ENTITY IDENTIFIER (LEI)**

The Company is registered with the Paris Trade and Companies Register under identification number 892 239 690.

The LEI number of the Company is: 54930064SP2SSEVKFJ48.

##### **4.3 DATE OF INCORPORATION AND TERM OF THE COMPANY**

The Company was incorporated on 21 December 2020 as a simplified joint-stock company (*société par actions simplifiée*) with a sole shareholder, under the legal name "Tech 8". The Company was incorporated for a term of 99 years. That term will end on 20 December 2119, unless it is extended or the Company is wound up before that date.

The legal name of the Company was changed to Technicolor Creative Studios and the Company was converted into a public limited company (*société anonyme*) on 8 July 2022.

The Company has a fiscal year of twelve months beginning on 1 January and ending on 31 December of each year.

##### **4.4 REGISTERED OFFICE, LEGAL FORM AND APPLICABLE LEGISLATION**

The Company's registered office is located at 8-10 rue du Renard, 75004 Paris, France (telephone: +33 (0)1 88 24 30 00).

As of the date of this Prospectus, the Company is a public limited company (*société anonyme*) governed by French law.

The address of the Company's website is: [www.technicolorcreative.com](http://www.technicolorcreative.com). The information provided on the Company's website is not part of this Prospectus and has not been reviewed or approved by the AMF.

## 5. OVERVIEW OF THE GROUP'S ACTIVITIES

### 5.1 OVERVIEW

#### 5.1.1 General presentation

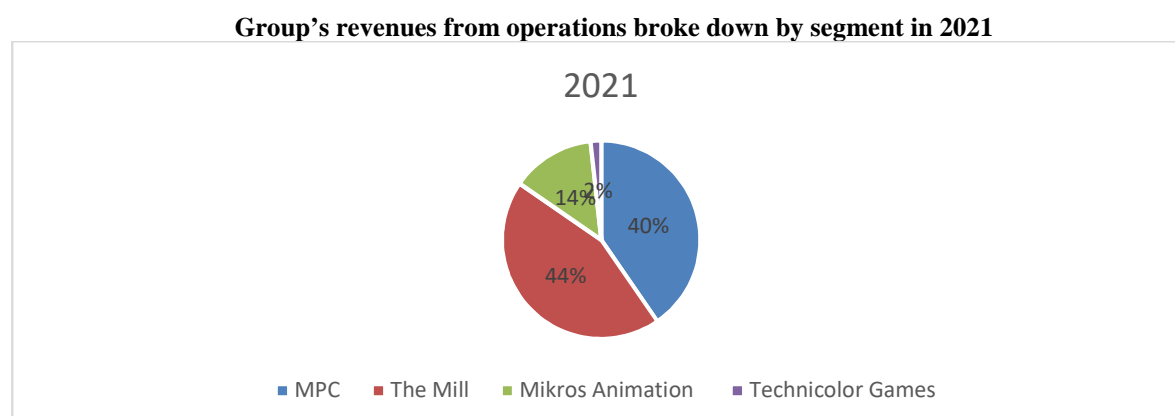
The Group is a global leading independent provider of creative visual arts services. The Group specialises in VFX and through its award-winning teams of artists and technologists partners with the creative community across Feature Film, Episodic, Animation, Brand Experience & Advertising, and Gaming to bring the universal art of visual storytelling to audiences everywhere.

The Group has organised itself under four (4) primary business lines – MPC (Film & Episodic VFX), The Mill (Advertising), Mikros Animation, and Technicolor Games – to strengthen its respective brand propositions across key industry sectors, underpinned by the Group's large-scale production platform in India, centralised R&D operations, global production infrastructure, and global people & talent organisation.

1. **MPC:** The Group's award-winning visual effects studios, now under the unitary MPC brand, unite artistry and creativity with technology and innovation. MPC brings decades of experience in delivering everything from breathtaking environments to the precise details of a full CGI (computer-generated imagery, abbreviated as "CG" or "CGI") character, all for the world's leading film and episodic content creators. It accounted for 40% of the Group's combined revenues for the financial year ended 31 December 2021;
2. **The Mill:** With the latest visual effects, CGI and immersive technologies, The Mill produces ground-breaking advertising, branded content and interactive marketing solutions for the world's biggest brands, agencies and production companies, and accounted for 44% of the Group's combined revenues for the financial year ended 31 December 2021;
3. **Mikros Animation:** Mikros Animation partners with filmmakers and the animation community to design and craft stories in striking CGI animation in any format and for any screen, from episodic hits to major studio animated features. It accounted for 14% of the Group's combined revenues for the financial year ended 31 December 2021;
4. **Technicolor Games:** Technicolor Games creates and delivers high-end art and animated content with its partners in the gaming industry, collaborating with many of the top game developers in the world on their AAA franchises. It accounted for 2% of the Group's combined revenues for the financial year ended 31 December 2021.

For the fiscal year ended 31 December 2021, the Group generated combined revenue of €601 million, and Adjusted EBITDA after lease (new definition) of €75 million, resulting in an EBITDA after lease (new definition) margin of 12.5%, compared to €(12) million for the fiscal year ended 31 December 2020, and €94 million for the fiscal year ended 31 December 2019; and Adjusted EBITA after lease (new definition) of €31 million compared to €(67) million for the fiscal year ended 31 December 2020, and €29 million for the fiscal year ended 31 December 2019.

The following chart shows how the Group's revenues from operations broke down by segment in 2021:



The Group is one of the industry leaders in developing proprietary workflow processes and technologies that enable its highly qualified, creative and technical personnel to provide cutting-edge VFX, animation and other services at scale to customers. The Group has a long-standing track record of delivering high quality projects on time and on budget and has the global production capacity and resource management expertise to optimize utilization by sharing talent and technology across locations. In addition, through its four (4) business lines and one of the largest concentration of digital artists in the world, the Group is uniquely positioned for the metaverse as the premium content creation engine at scale across all platforms.

#### **MPC:**

MPC is an industry leading VFX provider on many film and episodic projects based on the magnitude of its involvement in the overall VFX portion of a project, whether by creating a significant portion of the VFX shots or by creating the more complicated VFX sequences for a given project. At times, MPC's award-winning VFX supervisors may be engaged directly by a client as the overall production VFX supervisor, managing all the VFX vendors on a project. MPC believes to have the capacity to scale and deliver at high quality while being able to adapt its offerings to widely disparate customer segments. Its competitive position is underpinned by access to a global talent pool, investment in leading technologies, and continuous workflow optimization. At 31 December 2021, MPC employed approximately 5,000 people over ten (10) countries. The Group's VFX work has been recognised with several major industry accolades, including four (4) Academy Awards® for Best Visual Effects (*Gladiator*, *Life of Pi*, *The Jungle Book* and *1917*).

#### **The Mill:**

As specialists in VFX, Creative Production and Experience design, The Mill pushes the boundaries of the imagination to make big ideas a reality. Partnering with agencies, production companies and brands, The Mill solves tough creative challenges and brings visually stunning stories to life across linear and interactive media. With locations in London, New York, Los Angeles, Chicago, Paris, Berlin, Amsterdam, Shanghai, Seoul, Bangalore, and Mumbai, The Mill features a global network of award-winning VFX artists and creative technologists with decades of experience across the Brand Experience & Advertising industries. At 31 December 2021, The Mill employed approximately 3,000 people over ten (10) global locations (including 500 artists and 40 creative technologists). Since 2012, The Mill has won approximately 20 Cannes Lions, 90 D&AD (Design & Art Direction) Awards, and 18 VES (Visual Effects Society) Awards.

#### **Mikros Animation:**

Mikros Animation is an industry-leading CGI animation studio dedicated to feature films and short-form & long-form episodic content, serving a variety of clients globally. The Company offers front-end to back-end production to deliver its clients a concept-to-completion solution. With studios in Paris, Montreal, and Bangalore, Mikros Animation has animated 10 feature films released to date, including Spin Master Entertainment's *Paw Patrol: The Movie* and Paramount's *The Spongebob Movie: Sponge On The Run*; and over 30 episodic series, including Disney's *Mickey Mouse Funhouse*, DreamWorks Animation's *Fast & Furious: Spy Racers*, and Nickelodeon's *Star Trek: Prodigy*. At 31 December 2021, Mikros Animation employed approximately 2,500 people over three (3) global locations. Mikros Animation also operates a dedicated content IP team that sources, develops and produces its own content such as *Gus, the Itsy Bitsy Knight*.

#### **Technicolor Games:**

Technicolor Games is a leading Art Services studio for the gaming industry, offering clients preproduction, game assets creation, animation, VFX, and in-engine integration services. The division has strong, long-term partnerships with the world's largest game publishers and development studios. Along with its cutting-edge studio in Bangalore, Technicolor Games has small front-end teams located across North American and Europe to cover key client time zones. At 31 December 2021, Technicolor Games employed approximately 450 people. Released titles worked on by Technicolor Games include 2K Sports' *NBA 2K22* and *WWE 2K22*, Electronic Arts' *FIFA 22* and *NHL 22*, and Ubisoft's *Tom Clancy's Rainbow Six Extraction*.

At 31 December 2021, the Group employed approximately 10,700 people (including approximately 8,300 digital artists) across India (55%), Canada (16%), the UK (12%), USA (8%), and France and Other (9%). As of 31 March 2022, the Group employed approximately 11,500 people over eleven (11) countries. The Group has operations across North America, Europe, India, China, and Australia. Its customers include the world's leading content producers such as Amazon, Apple, Disney, Legendary, NBCUniversal, Netflix, Paramount, Sony and

WarnerMedia; major brand marketers and agencies like Apple, Best Buy, Comcast, Dell, Electronic Arts, L'Oréal, Meta, Nike, Samsung and Wieden+Kennedy; and AAA video game companies, including 2K Sports, Activision, Electronic Arts, Rockstar Games, and Ubisoft.

### 5.1.2 The production workflow

#### *Sales and bidding*

The Group intervenes in the early stages of each project, defining with the clients the methodology to be applied on the project and creating a close partnership with film makers to help them realise their vision. The Group has a deep bench of highly regarded production side supervisors who are the creative leads on a project and can be available for the duration of the project, collaborating with the film makers to drive the VFX needs. Examples, demos and bespoke tests or proofs of concepts are developed by the Group's concept and visualization teams to demonstrate its capabilities to the clients on a project. The scripts and such demos will then be broken down into assets and shots that will be used during the project. A Group's bidding producer estimates on each project man days for each shot and asset based on several criteria, and will lead to the proposal of a rate cards. The scope of work is redefined with script rewrites and all details of the bidding process are handed over to the MPC production team at point of award. During production, the award size may increase or decrease based on changes in the project scope.

#### *Technology*

The Group's technology vision relies on (i) unification, with a unified infrastructure and workflows handled in a common way although each division retains their artistic identity, (ii) flexibility in the Group's infrastructure or in the software architecture, with the work of each project sent to the best equipped location, tackling any kind of project and (iii) scalability, with the Group's technology enabling scaling of artists' capabilities augmenting creative production. The Group's technology vision has developed around TCS Software Stack, a cutting-edge off-the-shelf software supplemented with in-house proprietary development, providing further production flexibility. The Group benefits from a close relationship with vendors to promote its use. At the end of January 2022, the Group employed more than 225 software developers and R&D employees to induce constant development. In terms of infrastructure and key capability, the Group accounts 300 terabytes (TB) new content written daily, 60 petabytes (PB) production storage globally in nineteen different clusters, and benefits from a partnership with the three major cloud providers. Such globally distributed infrastructure supports the Group's virtual production globally, enabling a large pool of connected digital artist capability in the world (in particular in Los Angeles, Montreal, London, Paris and Bangalore).

## 5.2 MARKETS AND COMPETITIVE POSITION<sup>12</sup>

*The market information in this Section 5.2, including size and growth potential, is taken primarily from independent sources such as FTI Consulting (Vendor Due Diligence Report, April 2022) (see Section 1.4 "Third-party information and declarations of interest" of this Prospectus). All data and information presented in this Prospectus attributed to FTI Consulting reflect the Group's interpretation of the data, research and viewpoints expressed in the Vendor Due Diligence Report published by FTI Consulting in April 2022 and have not been reviewed by FTI Consulting. Any FTI Consulting publication should be read and interpreted as of its original publication date, not as of the date of this Prospectus. FTI Consulting does not assume responsibility to third parties for information presented in this Section 5.2 extracted from studies, reports or other materials prepared by FTI Consulting.*

### 5.2.1 The Film & Episodic VFX market

#### *Market presentation*

In 2021, the Film & Episodic VFX market globally was estimated at approximately \$4.6 billion, increasing by 24% compared to \$3.7 billion in 2020. In the next few years, the Film & Episodic VFX market is expected to increase to \$7.3 billion by 2025, representing an approximate 12% compound annual growth rate ("CAGR") from 2021, according to FTI Consulting, as the industry returns to full production and the content arms race continues.

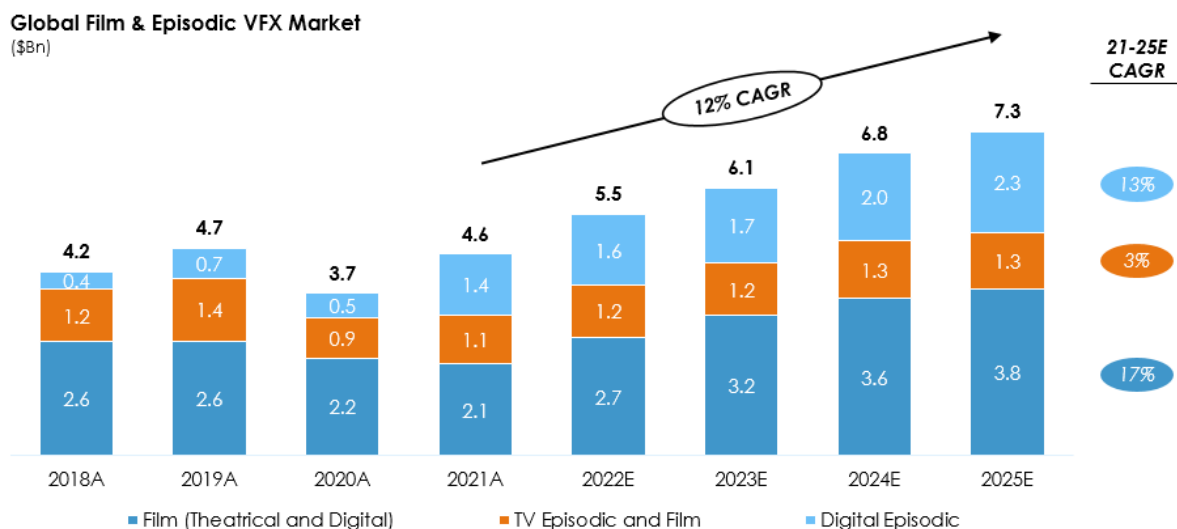
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<sup>12</sup> Information in this section relating to the Group's competitive position, market size and past and future market developments results mainly from Vendor Due Diligence Report prepared by FTI Consulting as of April 2022.

This market is defined by the following segments (with MPC operating across all):

- **Film (Theatrical and Digital):** live-action feature films across all budget levels released theatrically and/or through a digital platform (e.g., Disney+, Netflix).
- **TV Episodic and Film:** broadcast and cable TV production spend, including episodic content and long-form “made-for-TV” movies.
- **Digital Episodic:** episodic content released through a digital platform or a premium cable network. Premium cable content is included due to the convergence of premium cable networks and their respective streaming platforms (e.g., HBO and HBO Max).

Note that all segments above exclude CG or other animation (covered separately in the relevant market section).



Source: FTI Consulting - April 2022

### Market trends

From early 2020 through the first half of 2021, the Media & Entertainment industry experienced significant pandemic-related headwinds, particularly with location-specific lockdowns, production stoppages and delays, and sustained closures or capacity restrictions in the theatrical exhibition market. This led to the major studios delaying major theatrical tentpole releases, which contributed to the drop in 2020, and the strong recovery in 2021 and/or re-directing films to their streaming platforms, which contributed to the shift from theatrical to streaming during the pandemic. Going forward, market growth will be driven predominantly by the Film and Digital Episodic markets, resulting from the significant demand for original content.

The Film VFX market is expected to achieve sizeable 17% CAGR between 2021 and 2025 driven by high budget film releases. Following the pandemic, studios have focused on tentpoles, in particular franchise films. Franchise films typically use large amounts of VFX and are a significant and growing portion of the global box office due to their global appeal. In addition, major streaming platforms owned by Amazon, Apple, Disney, Netflix and others have become additional drivers of growth for Film VFX, as they greenlight more and more direct-to-streaming movies at ever increasing budgets (e.g., *The Tomorrow War*, *Red Notice*, and *Don't Look Up*).

The Digital Episodic market is expected to grow at 13% CAGR between 2021 and 2025 from the increasing competition among the major streaming platforms as they invest in a growing number of high-profile projects with budgets that rival those of the major studio tentpole films such as Disney's *Obi-Wan Kenobi*, Amazon's *The Wheel of Time*, and Netflix's *The Witcher*. Further, they are expected to increase their volume of episodic content across all budget categories.

As the overall VFX market grows, content producers are increasingly relying on independent VFX services providers like the Group who possess the global scale, capacity, talent and a reputation for quality to address their growing VFX needs. Moreover, most Hollywood studios and substantially all other content producers do not have

their own internal VFX services capabilities and therefore rely exclusively on third-party VFX services providers. Major Hollywood studios typically use multiple VFX service-providers on a given project to benefit from their skills and expertise, avoid delays or the risk that a provider will fail to perform. All of these factors offer significant tailwinds for the Group.

### ***Competitive environment***

The Film & Episodic VFX market is highly fragmented, with thousands of very small players and only a few globally scaled firms, of which MPC is one of the largest based on revenue. Amongst the globally scaled firms, players are divided between:

- **Providers tied to studios:** e.g., Industrial Light & Magic (“ILM”, owned by Disney), Scanline VFX (recently acquired by Netflix) and Sony Pictures Imageworks (owned by Sony)
- **Independent players:** e.g., MPC, Cinesite, Digital Domain, DNEG, Framestore, The Fuse Group, Pixomondo, Rodeo FX, and Wētā FX

The Group considers a sub-set of the above players as Tier 1 competitors to MPC, including DNEG, Framestore, ILM and Wētā FX. This is based on the Group’s assessment of those players competing with it for leading and major supporting roles on large-scale VFX productions.

According to FTI Consulting’s estimates, MPC is the second largest player in the market based on fiscal year 2021 revenue. Prior to the pandemic, Management believes MPC has typically ranked as the largest player in the Film & Episodic VFX market based on revenue, but that it dropped to second in 2021 following Framestore’s acquisition of Company 3 / Method and the greater pandemic impact on MPC.

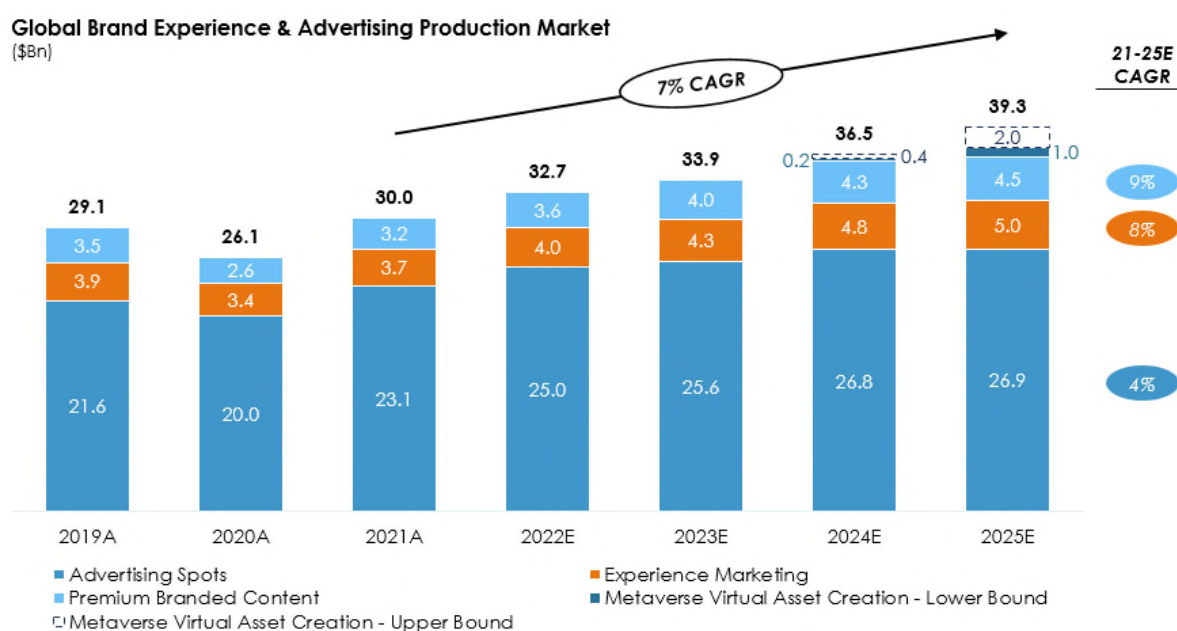
## **5.2.2 The Brand Experience & Advertising Production market**

### ***Market presentation***

In 2021, the Brand Experience & Advertising Production market globally was estimated at approximately \$30.0 billion, increasing by 15% compared to \$26.1 billion in 2020. In the coming years, the Brand Experience & Advertising Production market is expected to increase to \$39.3 billion by 2025, representing an approximate 7% CAGR from 2021, according to FTI Consulting who has defined the market by the following segments (with The Mill operating across Advertising Spots, Premium Branded Content, and Experience Marketing, and expanding into Virtual Asset Creation):

- **Advertising Spots:** global production spending on all TV, online video and digital out-of-home advertising (e.g., Pepsi Super Bowl commercial);
- **Premium Branded Content:** professionally-produced branded content production spend without a direct call to action (e.g., Red Bull Stratos);
- **Experience Marketing:** live events and experiences either managed by a brand or a 3<sup>rd</sup> party that allows brands to build brand image and awareness with consumers. Includes immersive Extended Reality (“XR”) experiences (e.g., Augmented Reality (“AR”), Virtual Reality (“VR”), Mixed Reality (“MR”)); and
- **Virtual Asset Creation:** encompassing global production spend for professionally-produced virtual assets within emerging digital ecosystems (e.g., the metaverse).

Advertising spending is, however, sensitive to the macroeconomic environment and GDP growth. Should a recession occur, recession-adjusted forecasts (excluding Metaverse Virtual Asset Creation) could result in approximated 10% smaller estimated market size by 2025 according to FTI Consulting estimates.



Source: FTI Consulting – April 2022

### Market trends

The largest segment of the Brand Experience & Advertising production market is Advertising Spots. This market is divided into traditional and digital advertising for TV, online video and digital out-of-home advertising (i.e., excludes print, radio, online search, etc.). In 2021, digital advertising spend accounted for approximately 25% of total global Advertising Spot production spend. However, as digital advertising spend continues to grow faster than traditional television advertising spend, it is expected to account for approximately 40% of the market by 2025. Digital video advertising growth will primarily come from mobile advertising production spend as mobile increasingly becomes consumers' main internet device.

The global Premium Branded Content production market is expected to grow at a CAGR of 9% from 2021-25 to reach \$4.5bn. The key trend driving this growth is a change in consumer behavior, as consumers become increasingly less tolerant to viewing advertisements, causing brands to leverage branded content as an alternative marketing strategy, and due to the desire of brands to align their image to customers' personal values, with branded content allowing brands to signal their value and market their product at the same time.

The global Experience Marketing production market is projected to grow at a CAGR of 8% from 2021-25 to reach \$5.0bn. The return of in-person events is a key driver in the recovery for physical Experience Marketing as pandemic restrictions are lifted. In addition to in-person events, marketers are increasingly looking to innovative digital formats, such as AR and VR, for Experience Marketing. Live, in-person events are increasingly held in a hybrid format, creating a need for digital experiences to engage virtual attendees. Extended Reality experiences will be a key driver of future growth and will shape the landscape of the segment in the coming years, given their higher conversion rates.

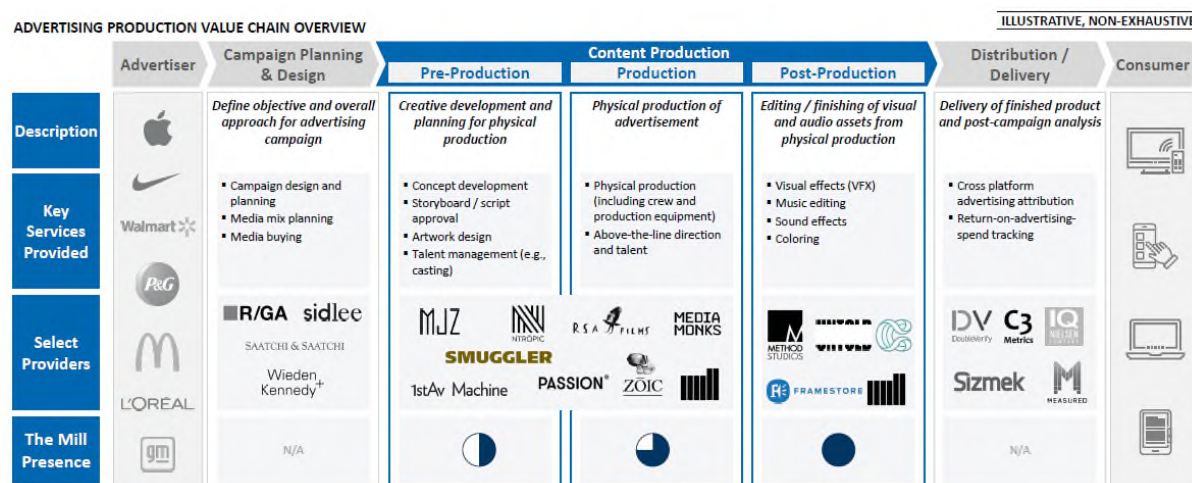
Although a highly nascent industry at the moment, the global Virtual Asset production market could reach between \$1bn – \$3bn by 2025. While estimates vary depending on the definition of the metaverse, the consensus is that it represents a large opportunity with tremendous growth as consumer time and spend in the metaverse increases over the coming years.

The Company believes that the Mill is well-positioned to address this market evolution and use emerging technologies to create the high-end imagery required by advertisers and marketers across all screens and experiences, strengthening its leadership in high-end branded content creation and immersive experiences.



## Competitive environment

The Advertising Production value chain is a broad ecosystem (see illustration below). The Mill currently participates across multiple areas within the advertising production value chain, with its strongest footprint within VFX.



Source: FTI Consulting – April 2022

Within the Advertising VFX market, The Mill, alongside Framestore (including Method Studios), is one of two globally scaled independent VFX providers, and is the clear market leader by fiscal year 2021 revenue. The Mill also competes with the global production arms of the major advertising holding companies like WPP's Hogarth Worldwide and Publicis' Prodigious. In addition, there are a number of smaller-scaled, VFX-first boutique providers that may operate within a certain country or region, including Untold Studios, Carbon VFX, and Blacksmith. The Mill continues to distinguish itself by redefining brand experiences and advertising through a powerful, award-winning combination of storytelling and craft, while pushing the boundaries of new and emerging technologies.

Notwithstanding its market leadership in Advertising VFX, The Mill considers its addressable market opportunity to be the much larger Brand Experience & Advertising production market, with a wide spectrum of competition across the different segments in which The Mill competes.

### 5.2.3 The CG Animation market

#### Market presentation

In 2021, the CG Animation market globally was estimated at approximately \$2.3 billion, increasing by 64% compared to \$1.4 billion in 2020 largely due to the significant increase in Digital Episodic spend. In the next few years, the CG Animation market is expected to increase to \$2.9 billion by 2025, representing an approximate 6% CAGR from 2021, according to FTI Consulting.

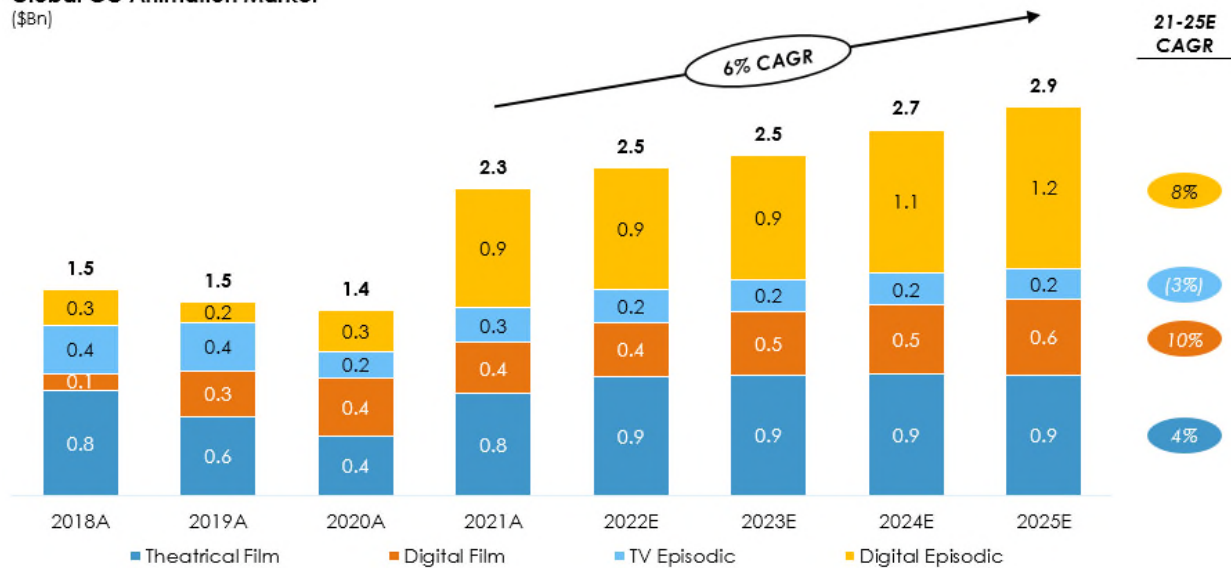
This market is divided into the following segments (with Mikros Animation operating across all):

- **Theatrical Film:** CG animated films released theatrically.
- **Digital Film:** CG animated films released through a digital platform, including films that were originally slated for theatrical release that ultimately went direct-to-streaming due to the COVID-19 pandemic (e.g., Disney/Pixar's *Soul* *Luca*, and *Turning Red*; and Sony's *Hotel Transylvania: Transformania*).
- **TV Episodic:** CG animated episodic content released through basic cable, the vast majority of which is lower-budget children's programming (e.g., *Paw Patrol*).
- **Digital Episodic:** CG animated episodic content initially released through a digital platform.

Market definition does not include production spend related to non-animation production elements such as voice-over talent; and all categories exclude non-CG animation (e.g., 2D or stop motion). Please note that the CG

animation market refers to the 3D animation technique as seen in Pixar or DreamWorks Animation films, as opposed to 2D animation (excluded from this market definition) which generates a more “flat” look as seen in a typical episode of *The Simpsons*.

**Global CG Animation Market**  
(\$Bn)



Source: FTI Consulting – April 2022

### Market trends

The CG Animation market saw significantly less decline in 2020 as compared to the Film & Episodic VFX market due to the animation industry’s ability to continue production remotely without being reliant upon film shoots. Overall CG animation spending is forecasted to grow, driven predominantly by the increased spending on digital feature films and episodic content. In particular, demand from OTT (over-the-top) platforms for original animated titles has skyrocketed as these services look to capitalize on the popularity of animation targeted at adults as well as kids & family-friendly content to attract younger audiences to their platforms. Mikros Animation is well-placed to benefit from this growth as most OTT services do not have tied animation studios, resulting in this increased demand for CG animation services going to independent studios.

### Competitive environment








The CG animation market is highly fragmented and characterised by several global tied providers, a small number of independent globally scaled and mid-sized providers, and thousands of small niche independent providers. Some of the major Hollywood studios have “tied” CG animation studios; e.g., Disney has Disney Animation and Pixar, while NBCUniversal has DreamWorks Animation and Illumination.

Cost efficiencies may be obtained by outsourcing production to independent global studios. Mikros Animation, among few players, is able to meet this demand due to its scale, global presence, industry-recognised talent, and ability to produce multiple high quality feature and episodic productions in parallel. Other global independent players include Animal Logic, Cinesite and DNEG, as well as a limited number of mid-sized providers (e.g., ICON Creative Studio). Within this segment, Mikros Animation is the #1 ranked independent CG Animation provider based on fiscal year 2021 revenue, as estimated by FTI Consulting.

## 5.2.4 The Outsourced Video Games Services market

### Market presentation

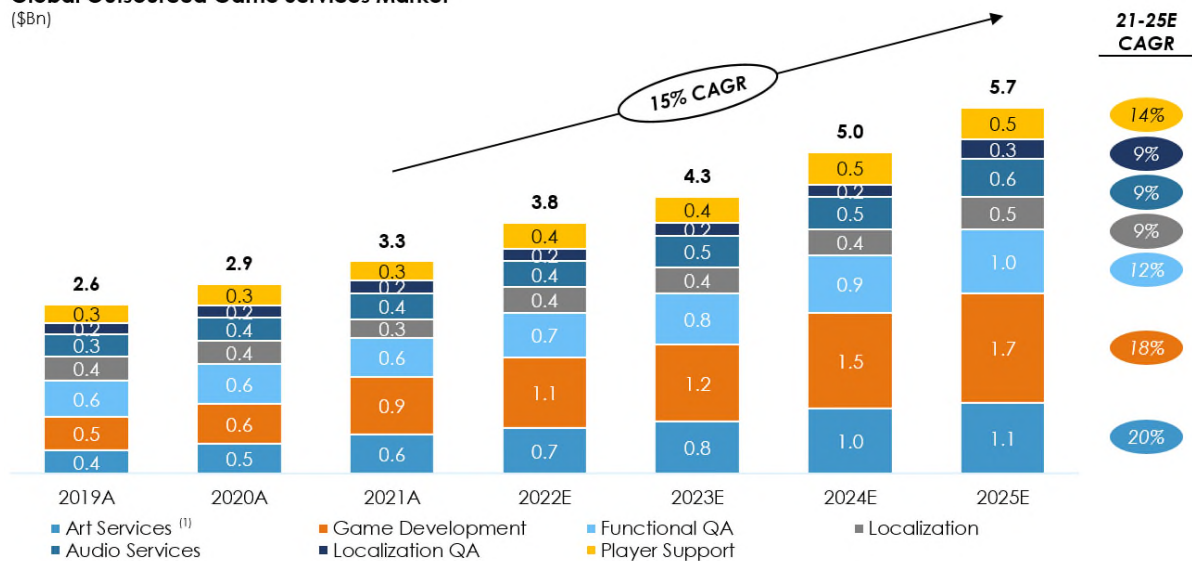
The outsourced video game services market can be broadly divided into eight segments. The Group currently operates in the Art Services and Games Development segments via Technicolor Games, and partially offers Marketing Services through The Mill, but plans to expand its services into other segments.

Outsourced Video Game Services Overview							
Core Creative and Development Services		Downstream Services					
Description	Art Services	Game Development	Functional QA	Localization	Audio Services	Localization QA	Marketing Services
	Services related to the creation of video game graphical art, digital assets and animation	Services that support video game creation, including external development support, porting, and consulting	Services that test the game to ensure it is functioning properly without bugs or glitches	Services that adapt a game for use in a foreign country or region	Services that create or adapt sounds specifically for games or provide accessibility audio solutions	Services that test the game to ensure it has been adapted properly for specific countries or regions	Services that promote the launch and sale of video game releases
Sample Services	<ul style="list-style-type: none"> <li>2D and 3D Asset Creation</li> <li>Animation</li> <li>Concept Art</li> </ul>	<ul style="list-style-type: none"> <li>Full-game Development</li> <li>Co-development</li> <li>Porting</li> <li>Tool Development</li> </ul>	<ul style="list-style-type: none"> <li>Quality Assurance</li> <li>Compatibility Testing</li> <li>Bug Discovery and Documentation</li> <li>Compliance Testing</li> </ul>	<ul style="list-style-type: none"> <li>Translation Services</li> <li>Cultural and Local Adaptation</li> <li>Packaging and Marketing Materials</li> </ul>	<ul style="list-style-type: none"> <li>Voice-over</li> <li>Music</li> <li>Sound Effects</li> <li>Accessibility</li> </ul>	<ul style="list-style-type: none"> <li>Out-of-context Translations</li> <li>Spelling / Grammar</li> <li>Cultural Sensitivities</li> <li>Age Rating Issues</li> </ul>	<ul style="list-style-type: none"> <li>Game Trailers</li> <li>Marketing Art and Materials</li> <li>PR</li> <li>Brand Campaign Strategies</li> </ul>
Segment Depiction							

Source: FTI Consulting – April 2022

In 2021, the outsourced video games service market was estimated at approximately \$3.3 billion, increasing by 14% compared to \$2.9 billion in 2020. In the next few years, the outsourced video games service market is expected to increase to \$5.7 billion by 2025, representing an approximate 15% CAGR from 2021, according to FTI Consulting.

**Global Outsourced Game Services Market**  
(\$Bn)



Source: FTI Consulting – April 2022

(1) Art Services category includes Marketing Services; however, services related to traditional marketing, advertising, branding, campaign management, analytics, social / community management, etc. are not included in the market size forecast

Within the outsourced video games services market, Technicolor Games operates in the Art Services segment.

### Market trends

For video games, market trends continue to support the outsourced video game services market. AAA games clients are increasingly looking to outsource to increase the volume of video game releases to meet consumer demand and to meet deadlines, with developer capacity the primary constraint. In addition, given the increasing complexity of AAA games and growing demand for higher quality graphics, the global outsourced video games services market will benefit as publishers and game developers increase the proportion of work outsourced.

Furthermore, live operations, where games are periodically refreshed without needing to publish a new game (e.g., the different seasons in Epic Games' *Fortnite*), are becoming more and more prevalent. This is an area ripe to be outsourced to external game developers so that clients can focus on new games.

On top of PC and console games, mobile gaming has become a more relevant market. Mobile game art quality increases alongside each successive generation of smartphones, growing the potential market for outsourced video game services.

### ***Competitive environment***

Providers in the outsourced video game services market can be segmented into three distinct categories:

- 1. Global Scaled Service Providers:** Companies providing services across all or a majority of the different service lines. The largest scale providers present across multiple geographies include Keywords Studios, Virtuos, and Pole To Win.
- 2. Core Service Providers:** Companies with highly-skilled core service lines such as game development and art. Specific expertise in high-skilled areas allows them to command higher pricing compared to more diversified providers or commoditised service providers. Includes: Room 8 Studio, Sumo Digital, and Blur Studio.
- 3. Downstream Service Providers:** Companies providing downstream services such as localization, localization quality assurance ("QA"), and functional QA. Includes: Lionbridge Games, GlobalStep, and TransPerfect.

The market is highly fragmented with few true global scaled service providers, presenting an opportunity for Technicolor Games to expand into new service lines.

## **5.3 STRENGTHS AND COMPETITIVE ADVANTAGES**

The Group has the following strengths and competitive advantages:

### **Positioned for Accelerated Structural Growth in a Large and Growing Total Addressable Market ("TAM")**

MPC and Mikros Animation are benefitting from the arms race for original content, which is driving the increase in demand for VFX and animation services across both theatrical and streaming releases. The Mill is benefitting from improving marketing budgets, which are rebounding from the pandemic decline at a pace that is faster and stronger than anticipated, as well as by targeting a greater share of wallet outside of traditional media advertising. Lastly, Technicolor Games is benefitting from the growing volume of releases, demand for higher quality graphics, and increasing rate of game developers using outsourced services.

### **Leadership Position in Tech-Enabled Content Creation with an Award-Winning Portfolio**

MPC and The Mill represent two recognised leaders based on quality of projects and number of awards, operating at the forefront of the tech-enabled VFX and advertising industries. MPC has won four (4) Academy Awards, 4 BAFTA Awards, 1 Emmy Award, and several VES Awards since 2001. The Mill, over the last decade, has won over 100 major industry awards for its advertising campaigns, including Cannes Lions, D&AD Awards, and VES Awards.

### **Significant runway for top-line growth, EBITDA expansion and strong cash flow generation**

As regards the Group's revenue, the Group believes that it will benefit from a post-Covid top-line growth led by catch-up effect to pre-Covid levels for MPC combined with structural growth drivers and capacity expansion. Concerning the Group's adjusted EBITDA after lease (new definition), margin is expected to rebound thanks to global integrated model and disciplined management of costs as well as continued efficiency improvement through India. Finally, the figures of the Group's adjusted operating cash flow after lease (new definition) highlight a return to strong cash conversion.

## **Potential growth levers via entry into new scalable markets and M&A**

The Group benefits from multiple avenues for long-term sustainable growth, including building on the Group's experience in acquiring companies including Mr. X Inc. (2014), OuiDO! Productions (2015), Mikros Image (2015) and The Mill (2015).

## **Long-Standing and Deeply Cemented Relationships with Blue-chip Customers**

With a 100+ year legacy, the Group has long-standing commercial relationships with the major Hollywood studios (based on historical non-contractual relationships between TCH and Hollywood studios) that dates back generations having worked on projects with them and predecessor firms. In addition, many clients have elected to work with the Group repeatedly on their franchises, including Electronic Arts on its *FIFA* and *NHL* franchises for 14 and 12 games, respectively, and MGM on *Vikings* for all six seasons plus the *Vikings: Valhalla* spin-off series. In addition to its extensive studio, director and gaming relationships, the Group also maintains growing relationships with major technology clients, including Apple, Meta, and Netflix, across all business lines.

## **Global Footprint with Highly Skilled and Flexible Talent**

As a large-scale provider of creative visual art services, the Group employs over 10,700 employees at 31 December 2021 and has one of the largest pools of digital artists in the industry. The Group has a proven ability to attract, recruit at scale, and retain key talent.

The Group has facilities across 11 countries, including a lower-cost production base in India. Group offices are strategically located close to clients and key talent hubs, and with significant capacity in regions offering the highest production incentives for our clients.

## **Cutting Edge Technology and Workflow Processes Offering Competitive Advantage**

The Group leverages the latest cutting-edge software, and supplements these with a bespoke technological toolkit that enables a highly scalable and efficient global workflow. As a result, the Group's facilities can collaborate seamlessly and simultaneously globally. Underpinning these capabilities is a scalable, service-oriented infrastructure capable of transporting 160 terabytes of data on the Group's network daily and allows the Group to be one of the few players able to produce multiple large, complex projects for clients at the same time.

## **Experienced Management Team with Proven Track Record and Deep Sector Expertise**

The Group has a highly experienced management team with a track record of delivering top-line growth and projects which are recognised in the industry. The management team is led by Christian Robertson who will remain CEO of the Group post spin-off. Christian has successfully built one of the largest and most effective VFX businesses in the world and will continue to push the boundaries of entertainment and brand experience & advertising. In addition, 2021 appointments include Andrea Miloro (President of Mikros Animation), who joined to expand the Group's global feature and episodic animation services, and has over 20 years of experience in the animation industry, most recently as Co-President of Fox Animation; as well as Jeaneane Falkler (President of Technicolor Games), a prolific leader within the gaming space with previous experience at Lionbridge Games, Microsoft and VMC.

### **5.4 STRATEGY**

The Group's vision is to be the first-choice production partner for the world's most creative companies. Its focus on technology, creativity and talent development, combined with cost efficiency and rigorous management, will drive the Group to operate as a client-focused, technology-driven and profitable global studio delivering high-quality projects. Building upon the successes of the Group, its mission is to drive the business lines' respective growth and margin enhancement by cross-fertilizing all the Group's creative and production expertise, and by adapting client servicing to the post-Covid-19 era.

### **The Group's key strategic pillars are to:**

#### **1. Expand capacity to meet strong demand and invest in new markets:**

- Benefit from strong tailwinds in underlying markets to capture new demand
- Expand capacity to increase volume and extend market leadership
- Invest in untapped high-growth regions and emerging/adjacent services



## **2. Develop our brand to be seen as Employer of Choice by talent:**

- Implement a workforce planning to ensure the operational structure necessary to achieve the Group's forecasted performance
- Increase investment in TCS Academy programs to train and develop talent
- Increase accessibility to Learning & Development
- Improve mobility opportunities across geographies and businesses

## **3. Continue to invest in R&D and Technology:**

- Focus R&D priorities on producing and delivering quality content at scale
- Further improve utilization and efficiencies through technology to reduce dependency on human capital

## **4. Leverage existing capabilities to capture the Metaverse opportunity:**

- Leverage industry-leading immersive artistry and industrial-scale content creation platform for the Metaverse
- Integrate emerging real-time technologies to service the massive volume of digital content the Metaverse will require

### **5.5 HISTORY**

In 1912, MIT professors Dr. Herbert Kalmus and Dr. Daniel Comstock join with self-taught mechanical engineering prodigy W. Burton Westcott to create KCW, their research engineering firm that directly led to their exploration and embrace of motion picture color and the creation of Technicolor in 1915. After a series of advances in color motion picture processes, Technicolor launched "Process IV" featuring the pioneering "three-strip" process, with Walt Disney as the first filmmaker to employ this new process on Disney's first color animated short, *Flowers and Trees* (1932) – recipient of the first ever Academy Award for the category now called Best Animated Short Film.

Fast-forwarding through several cycles of major technological transformation, the Group is now set to operate as its own entity. Significant events in the history of Technicolor Creative Studios today begin with the Group's foray into VFX services in 2001, followed in 2004 by the acquisition of The Moving Picture Co. ("MPC") from British broadcaster ITV. Spanning Film and Advertising VFX, MPC then counted around 400 employees and operated from a single facility in Soho, London. MPC already counted major Hollywood studios among its clients, including Warner Bros., Twentieth Century Fox and Universal Pictures, and worked on famous productions such as the first three *Harry Potter* films and *Lara Croft: Tomb Raider*.

In 2007, the Group acquired a majority interest in Paprikaas, an animation studio based in Bangalore, India; and subsequently acquired the remaining interest in Paprikaas in December 2009. Shortly thereafter, the studio was rebranded Technicolor India and has since grown exponentially over the years to become the primary production backbone of the Group.

Meanwhile, MPC Film and MPC Advertising rapidly expanded, opening offices in Los Angeles, Bangalore, New York, Montreal and Amsterdam, and growing the total VFX headcount to approximately 1,800 by 2013. That year also marked a significant achievement for the Company as it won an Academy Award for Best Visual Effects for its work on *Life of Pi*.

In 2014, the Group further grew its footprint with the acquisition of Toronto-based visual effects studio Mr. X. In line with its track record and customer relationships, Mr. X focused on high-concept TV productions, genre features and international film co-productions, while MPC continued to address projects for both its major studio and advertising clients.

2015 was marked by a series of acquisitions, beginning with the purchase of Paris-based independent animation producer OuiDo! Productions, co-producer of the highly acclaimed *Alvinnn!!!* & *The Chipmunks* series. The Group then acquired Paris-based Mikros Image who also operated a feature animation studio in Montreal. Mikros Image encompassed aspects of production and post-production for feature animation, advertising, feature film and

TV, and had then recently produced the animation for the *Asterix: le Domaine des Dieux* and *Le Petit Prince* feature films.

And later that same year, the Group acquired London-based VFX and content creation studio The Mill from Equistone Partners Europe. Founded in 1990, The Mill, with its 800 employees across studios in London, New York, Los Angeles, Chicago and Mumbai, possessed numerous industry awards for its work for advertising agencies and brands, including commercial spots to promote popular video game titles such as *Call of Duty: Black Ops 2*.

These acquisitions were crucial to the Group's strategy to strengthen its animation and advertising offerings, while expanding into episodic VFX, as well as to better position the Group in the context of emerging technologies such as virtual reality. As a result, the Group rapidly grew in scale and further expanded geographically into Shanghai, Berlin and Adelaide.

More recently, the Group undertook a number of strategic changes following a restructuring in 2020. In April 2021, the Group sold its post-production business for €30 million to Streamland Media. Following this, the Group progressively reorganised around four (4) business lines, with its portfolio of brands being consolidated in accordance with the new organisational structure: MPC (Film & Episodic VFX), The Mill (Brand Experience & Advertising), Mikros Animation and Technicolor Games. The simplification of the brand portfolio is a further step towards a more efficient and integrated organization benefitting from common infrastructure, support functions and talent.

## 5.6 THE GROUP'S CUSTOMER BASE

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

	Film & Episodic VFX	Brand Experience & Advertising	Animation	Games
Key Brand	MPC	The Mill	Mikros Animation	Technicolor Games
Key Customers	<ul style="list-style-type: none"> <li>Major U.S. studios</li> <li>Mini-majors and independent studios</li> <li>TV production companies</li> <li>Streaming providers</li> </ul>	<ul style="list-style-type: none"> <li>Global ad agencies</li> <li>Production companies</li> <li>Smaller agencies</li> <li>Brands and advertisers</li> <li>Consultancies</li> </ul>	<ul style="list-style-type: none"> <li>Major and independent Animation studios</li> <li>Key children's TV networks and other distributors</li> </ul>	<ul style="list-style-type: none"> <li>Publishers and developers of AAA game titles</li> </ul>
Key Data (2021)	<ul style="list-style-type: none"> <li>Worked on over 30 theatrical films and over 60 streaming / episodic projects</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to over 3,000 advertising / marketing commercials &amp; campaigns, including ~20 spots at Super Bowl LV</li> </ul>	<ul style="list-style-type: none"> <li>5+ features and 17+ episodic series or TV specials</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration on major games IP</li> </ul>

## 5.7 DEPENDENCY FACTORS

Information about the Group's dependency factors is provided in Chapter 3 "*Risk factors*" and 10 "*Regulatory environment*" of this Prospectus.

## 5.8 INVESTMENTS

Information about the Group's investments is based on the Annual Combined Financial Statements, as presented in Section 19.1 "*The Group's Combined Financial Statements*" of this Prospectus.

### 5.8.1 Significant investments since 2019

As of 30 June 2022, the Group's total gross capital expenditure amounted to €25 million. During the period 2019-2021, such amount equaled €115 million. Most of that expenditure was incurred on IT hardware including workstations, storage and data centers, IT software and capitalized production spend.

The following table shows the total amount of Group investments made over the last three years:

Gross capital expenditure	Six-month period ended 30 June	Financial year ended 31 December		
(in € millions)	2022	2019	2020	2021
Acquisitions of subsidiaries, net of cash acquired .....	(0)	(0)	(1)	(0)
Intangible assets.....	(15)	(22)	(24)	(16)
Property, plant and equipment.....	(10)	(36)	(6)	(10)
<b>Total.....</b>	<b>(25)</b>	<b>(58)</b>	<b>(31)</b>	<b>(26)</b>

Details about how this expenditure was financed are provided in Chapter 9 “*The Group's liquidity and capital resources*” of this Prospectus.

### 5.8.2 Significant investments in progress or future investments

The Group's main capital expenditure and investments in 2022 represent an extension of that carried out between 2019 and 2021: €51 million and are expected to remain in line with the previous investment policy and the Group's strategy, expected to amount to approximately 5% of combined revenue, slightly higher than the level of expenditure for the year ended 31 December 2020 which was at 4%, explained by strong growth of activities expected in 2022.

That expenditure will be funded partly from the Group's operational cash flows (see Chapter 9 “*The Group's liquidity and capital resources*” of this Prospectus).

At the date of this Prospectus, the Group currently has no significant investments in progress or subject to a firm commitment from any of the Group's management bodies. The Group plans to continue making appropriate investments for its business. As of the date of this Prospectus, besides management costs, the Group has no plans to make any investments that are different in kind or for a significant amount (see Note 9.1 to the Interim Combined Financial Statements).

### 5.8.3 Information on joint ventures and significant shareholdings

The Group is not involved in any joint ventures and does not have any undertakings in which it holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses. Information on equity interests is provided in Section 6.2 “*Significant subsidiaries and equity interests*” of this Prospectus and in Note 15 to the Annual Combined Financial Statements.

## 5.9 ENVIRONMENTAL ISSUES

The nature of the Group's activities does not give rise to any environmental issues that could affect the Group's utilisation of its tangible fixed assets. Nevertheless, the Group has implemented a set of corporate social responsibility initiatives described below designed to limit its environmental footprint and aimed to strengthen its long-term commitments to consider the main impacts of its activities. The Group will continue those commitments as it starts to build its own environmental, social and governance roadmaps in anticipation of the admission of the Company's Shares to trading on Euronext Paris.

Those initiatives will be described in the extra-financial performance statement on social and environmental matters that the Group will prepare for, and that will be subject of a report from an independent third-party organisation for, the financial year ending 31 December 2022, provided that the Company's Shares are admitted to trading on Euronext Paris, in accordance with article L. 22-10-36 of the French Commercial Code.



## GREEN TAXONOMY

According to the European Union regulation 2020/852 and to the Commission delegated regulations C 2021/2800 and C 2021/4987 supplementing regulation 2020/852, information about the eligibility of the activities covering year 2021 are presented in the following tables.

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities - disclosure covering year 2021.

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria		DNSH criteria ( "Does Not Significantly Harm" )								Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and Marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards		E	T
		M €	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N			
<b>A. Taxonomy-Eligible activities</b>															
Technicolor Creative Studios Film Episodic Animation	J59	324	54	0		Y	Y	Y	Y	Y	Y	Y		E	
<b>B. Taxonomy-Non-Eligible activities</b>															
Turnover of Taxonomy-non-eligible		276	46												
Total (A+B)		600													

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities - disclosure covering year 2021.

Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria		DNSH criteria ( "Does Not Significantly Harm" )								Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and Marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards		E	T
		M €	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N			
<b>A. Taxonomy-Eligible activities</b>															
Technicolor Creative Studios Film Episodic Animation	J59	53	69	0		Y	Y	Y	Y	Y	Y	Y		E	
<b>B. Taxonomy-Non-Eligible activities</b>															
CapEx of Taxonomy-non-eligible		23	31												
Total (A+B)		76													

The €76 million CapEx provided above is composed of €17 million of Intangible Assets, €18 million of Tangible Assets, €43 million of right of use, minus €2 million of Post Production Capex.

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities - disclosure covering year 2021.

				Substantial contribution criteria		DNSH criteria (“Does Not Significantly Harm”)											
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and Marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Category (enabling activity)	Category (transitional activity)			
		M €	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	E	T			
A. Taxonomy-Eligible activities																	
Technicolor Creative Studios Film Episodic Animation	J59	14	75	0		Y	Y	Y	Y	Y	Y	Y	E				
B. Taxonomy-Non-Eligible activities																	
OpEx of Taxonomy-non-eligible		4	25														
Total (A+B)		18															

The review of the Group’s activities in the frame of the regulation and the delegated regulations leads to consideration that the following activities are eligible as Revenues, Opex and Capex for feature and animation films and episodic under the section 13.3 of annex II of the delegated act C 2021/2800 (Motion picture, video and television program production, sound recording and music publishing activities) lists explicitly the J59 NACE code of these activities (J59.11 Motion picture, video and television program production activities and J59.12 Motion picture, video and television program post-production activities). These classifications include the production of motion pictures, videos, television programs (television series, documentaries etc.), or television advertisements, and the post-production activities such as editing, film/tape transfers, titling, subtitling, credits, closed captioning, computer-produced graphics, animation and special effects, developing and processing motion picture film, as well as activities of motion picture film laboratories and activities of special laboratories for animated films. It is an enabling activity.

The Group’s internal analyse resulted in the conclusion that TCS operations are not eligible to climate change mitigation, but only eligible to climate change adaptation.

In addition, it has been considered that the Technicolor Creative Studios activities for advertising were not eligible despite television advertisement production is listed among J59 NACE Code referred by 13.3 section of annex II, because advertising activities as such are not eligible (NACE code 71). It has also been considered that the Technicolor Creative Studios activities for games are not eligible as games are not eligible according to the C 2021/2800 delegated regulation and as post-production for games are not listed in the listed NACE codes of this delegated regulation.

According to the evolution of the classification set by these delegated regulations, the eligibility of activities may be later revisited.

The OpEx include repairs and maintenance costs related to assets used by Technicolor Creative Studios in the course of their activities.

Capex and Opex are transversal and common to the full set of services delivered by Technicolor Creative Services for film, episodic, animation, advertising and games.

## 5.10 NOTABLE PROJECTS IN 2021

### MPC

- Exceptional work on over 30 theatrical films from the major studios, including 2021 releases like *Cruella* (Disney), *Ghostbusters: Afterlife* (Sony), *Godzilla vs. Kong* (Legendary / Warner Bros.), *House of Gucci* (MGM) *The Last Duel* (20<sup>th</sup> Century), *Mortal Kombat* (Warner Bros.), *Nightmare Alley* (Searchlight), *Snake Eyes* (Paramount), *Spider-Man: No Way Home* (Marvel / Sony) *Resident Evil: Welcome to Raccoon City* (Constantin Film / Sony), *West Side Story* (Amblin / 20<sup>th</sup> Century); and highly anticipated 2022 and beyond releases like *Aquaman and the Lost Kingdom* (Warner Bros.), *Dungeons & Dragons* (Entertainment One /

Paramount), *The Little Mermaid* (Disney), *The Lion King prequel* (Disney), *Sonic the Hedgehog 2* (Paramount), *Top Gun: Maverick* (Paramount), *Transformers: Rise of the Beasts* (Paramount).

- Worked on over 60 Episodic and/or Streaming projects, including *American Gods season 3* (Fremantle / Starz), *Chip 'n' Dale: Rescue Rangers* (Disney+), *Cowboy Bebop* (Netflix), *Foundation* (Skydance / Apple TV+), *Hawkeye* (Marvel / Disney+), *House of the Dragon* (HBO), *La Brea* (NBCUniversal), *Lost in Space* season 3 (Netflix), *The Nevers* (HBO), *Pennyworth* season 2 (Epix), *Star Trek: Discovery* season 4 (Paramount+), *Vikings: Valhalla* (MGM / Netflix), *WandaVision* (Marvel / Disney+), *The Wheel of Time* (Amazon / Sony), *The Witcher* season 2 (Netflix).
- MPC Film received Oscar® nominations for VFX on Paramount's *Love and Monsters* and Disney's *The One and Only Ivan*, BAFTA nomination for Disney's *The One and Only Ivan*, 5 VES nominations, including a win for Outstanding Animated Character in a Photoreal Feature for its work on Disney's *The One and Only Ivan*, HPA Award nomination for Outstanding Visual Effects - Theatrical Feature for its work on Legendary's *Godzilla vs. Kong*, and Emmy nomination for Outstanding Special Visual Effects in a Single Episode for its work on *Vikings "The Signal"*.

## The Mill

The Group contributed to over 3,000 projects for advertising, including approximately 20 Super Bowl spots for approximately 1,000 clients (representing an approximate number of unique clients without aggregating at the ultimate parent company level. E.g., Paramount Global's Nickelodeon, Paramount Pictures and Showtime being each counted as separate clients).

Another year of industry accolades, including:

- Three VES Awards, including Outstanding Visual Effects in a Commercial for Walmart '*Famous Visitors*,'
- Six British Arrows, including Gold Arrows in VR/360/AR for Tate Modern '*Untold Stories*', in CGI for Hennessy X.O '*The Seven Worlds*', and in Colour for BMW X7 '*Legend*';
- MPC Advertising recognised as Ad Age's VFX Company of the Year for the second year running;
- Three Cannes Lions for contributions to Burberry '*Festive*' and PlayStation '*Feel the Power of Pro*';
- Two Adweek Experiential Awards by The Mill for Best Use of Video in an Experiential Activation for Respawn Entertainment's '*Apex Legends at the Game Awards*' and Best Use of Virtual Event Technology for HBO's '*HBO: Lovecraft Country Sanctum*';
- Seven Creative Circle Awards, including The Mill winning Gold for Most Creative Post Production Company;
- Four Kinsale Shark Awards, including Gold for Best CGI/Visual Effects for its contribution to Burberry '*Festive*'; and
- The Mill being ranked the #1 Post House in *Televsual's* Commercial Producers Poll!

Notable projects during the year include LEGO's latest global '*Rebuild the World*' campaign, Nike's latest '*Play New*' campaign featuring Megan The Stallion, *Pentakill: Lost Chapter: An Interactive Album Experience* - a metaverse concert for Riot Games, BMW '*The Ultimate Self-Driving Machine*', Dell '*Youniverse*', Ford '*Ford F-150 Lightning*', Samsung '*Chromebook*', Verizon '*The Reset*', Amazon Prime's '*An Unlikely Friendship*', Burberry '*Open Spaces*', and M&S '*Percy's First Christmas*'.

## Mikros Animation

**Feature:** Mikros Animation was in production on *PAW Patrol: The Movie* (Spin Master Entertainment / Paramount) released in August 2021, *Thelma the Unicorn* (Netflix), *The Tiger's Apprentice* (Paramount), *Ozi* (GCI Film) while beginning to ramp-up production on three additional feature films.

**Episodic:** Mikros Animation was in production on several series and specials, including *The Chicken Squad* (Wild Canary / Disney), *The Croods: Family Tree* (DreamWorks / Hulu / Peacock), *Fast & Furious: Spy Racers* season 5 (DreamWorks), *Kamp Koral: SpongeBob's Under Years* (Nickelodeon/Paramount+), *Mickey and Minnie Wish Upon a Christmas* (Disney), *Mickey Mouse Funhouse* (Disney), *Mickey's Tale of Two Witches* (Disney), *Minnie's Bow-Toons* season 1 (Disney), *Mira, Royal Detective* season 2 (Wild Canary / Disney), *Rugrats* season 1 (Nickelodeon / Paramount+), *Star Trek: Prodigy* season 1 (Nickelodeon / Paramount+), and IP projects including

*ALVINNN!!! and the Chipmunks* season 5 (M6), *The Coop Troop* (Sixteen South / Tencent co-production), and *Gus – the Itsy Bitsy Knight* (TF1).

### **Technicolor Games**

Technicolor Games contributed to AAA releases like *FIFA 22* (EA), *Mass Effect Legendary Edition* (EA / BioWare), *NBA 2K22* (2K), *NHL 22* (EA).

Across MPC, Mikros Animation and Technicolor Games, the Group contributed to over 240 projects for approximately 200 clients (representing an approximate number of unique clients without aggregating at the ultimate parent company level. E.g., Paramount Global's Nickelodeon, Paramount Pictures and Showtime being each counted as separate clients).

## 6. ORGANISATIONAL STRUCTURE

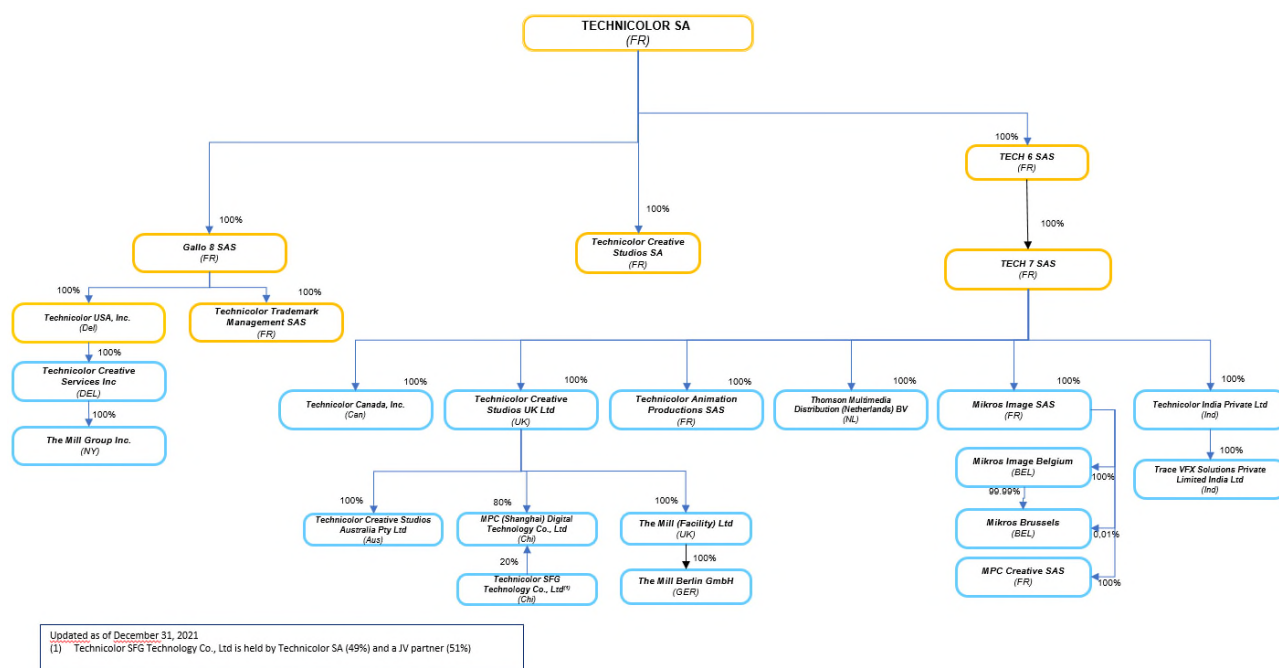
### 6.1 GROUP SIMPLIFIED LEGAL ORGANISATIONAL CHART

As of the date of approval of this Prospectus, the Company does not have any subsidiary.

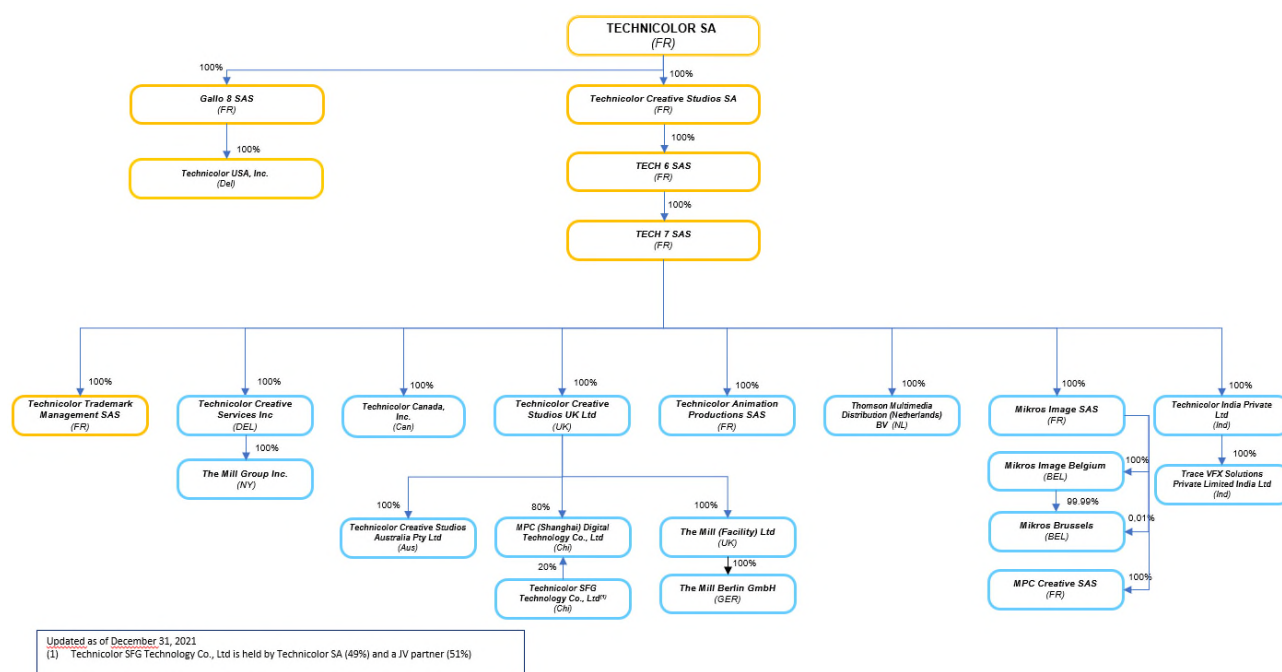
In the context of the spin-off of Technicolor Creative Studios from Technicolor SA, internal reorganisation at Technicolor SA Group level will be completed by the date of admission of the Company's Shares to trading on Euronext Paris in order to bring together all of the "Technicolor Creative Studios" activities within the TCS Group. Prior to the completion of the Distribution of the Company's Shares, the following operations at the Technicolor SA Group level will be completed (the "**TCH Group Internal Reorganisation**"):

- the sale of the shares of Technicolor Creative Services USA, Inc. by Technicolor USA, Inc. to Tech 7 SAS;
- the sale of shares in Technicolor Trademark Management SAS by Gallo 8 SAS to Tech 7 SAS;
- and upon completion of the aforementioned transactions, the shares of Tech 6 SAS, a wholly and directly owned subsidiary of Technicolor SA which is also the sole shareholder of Tech 7 SAS, will be transferred to the Company through a sale and contribution of shares of Tech 6 SAS to the Company.

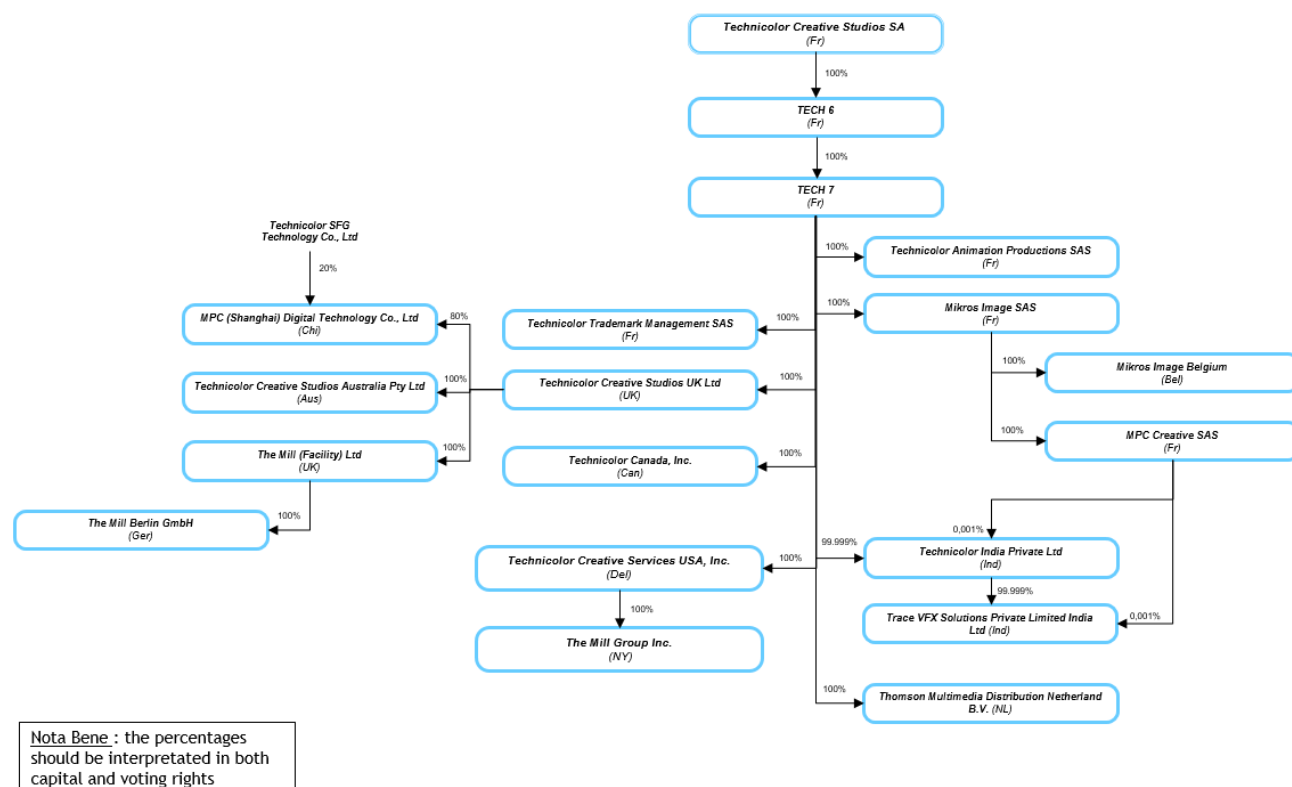
The simplified organisational chart below shows the TCH Group, as of the date of approval of this Prospectus, before the completion of the TCH Group Internal Reorganisation:



The simplified organisational chart below shows the TCH Group after the completion of the TCH Group Internal Reorganisation and as at the date of the admission of the Company's Shares to trading on Euronext Paris:



The simplified organisational chart below shows the Group's legal organisational structure, including the Company's main subsidiaries, as it will be at the date of the admission of the Company's Shares to trading on Euronext Paris, as a result of the abovementioned reorganization process. See also Note 15 to the Annual Combined Financial Statements, which sets out the Group's scope of consolidation.



## 6.2 SIGNIFICANT SUBSIDIARIES AND EQUITY INTERESTS

The Company's principal direct and indirect significant subsidiaries as of the date of the Distribution of the Company's Shares and the date of the admission of the Company's Shares to trading on Euronext Paris are described below.

- Technicolor Animation Productions is a simplified joint stock company (*société par actions simplifiée*) incorporated under French law with a share capital of €17,20,409, having its registered office at 8-10 rue du Renard, 75004 Paris, France, and registered with the Paris Trade and Companies Register under number 797 830 106. The Company indirectly owns 100% of Technicolor Animation Productions SAS's capital and voting rights.
- Mikros Image is a simplified joint stock company (*société par actions simplifiée*) incorporated under French law, with a share capital of €7,400,000, having its registered office 8-10 rue du Renard, 75004 Paris, France, and registered with the Paris Trade and Companies Register under number 407 754 613. The Company indirectly owns 100% of Mikros Image's capital and voting rights.
- Mikros Image Belgium is a public limited company (*société anonyme*) incorporated under Belgium law with a share capital of €498,500, having its registered office at 36 rue de Mulhouse, 4020 Liège, Belgium, and registered with the Liège Trade and Companies Register Liege (French-speaking division) under number 0895.684.340. The Company indirectly owns 100% of Mikros Image Belgium's capital and voting rights.
- MPC Creative SAS is a simplified joint stock company (*société par actions simplifiée*) incorporated under French law, with a share capital of € 40,000 having its registered office 8-10 rue du Renard, 75004 Paris, France, and registered with the Paris Trade and Companies Register under number 399 641 562. The Company indirectly owns 100% of MPC Creative capital and voting rights.
- MPC (Shanghai) Digital Technology Co., Ltd. is a limited company incorporated under Chinese law with a registered capital of RMB15,000,000, having its registered office at 1F, Building No. 4, Dingxi Road No. 759, Changning District, Shanghai and registered with the Ministry of Commerce of the People's Republic of China under number 91310000321622679T. The Company indirectly owns 80% of MPC (Shanghai) Digital Technology Co., Ltd.'s capital and voting rights and Technicolor SFG Technology Co., Ltd. owns 20% of MPC (Shanghai) Digital Technology Co., Ltd.'s capital and voting rights.
- Technicolor Canada, Inc. is a federal corporation incorporated under the Canada Business Corporations Act, with a share capital of CAD\$89,659, having its registered office at 133 King Street, Montréal QC H3C 2P2, Canada, and registered with Canadian Companies Register (federal regime) under company number 964473-3. The Company indirectly owns 100% of Technicolor Canada, Inc's capital and voting rights.
- Technicolor Creative Services USA, Inc is a Delaware corporation incorporated under the Delaware General Corporations law with a share capital of USD\$881,238, having its registered office at 838 Walker Road Suite 21-2, Dover 19904, Kent, Delaware, United States, and registered with the Delaware corporation registry under company number 3603266. The Company indirectly owns 100% of Technicolor Creative Services USA, Inc's capital and voting rights.
- Technicolor India Pvt Ltd. is a private company limited by shares incorporated under Indian law with a share capital of INR 17,365,418, having its registered office at Level 9, Navigator, International Tech Park, Whitefield Road, Bangalore-560066, Karnataka, India and registered with the Registrar of Companies of Bangalore under number U32202DL2005PTC134740. The Company indirectly owns 100% of Technicolor India Pvt Ltd's capital and voting rights.
- The Mill (Facility) Limited is a private limited company incorporated under the laws of England & Wales with a share capital of £2,318, having its registered office at 111-14 Windmill Street, London, W1T 2JG, England, and registered with Companies House under company number 03390258. The Company indirectly owns 100% of The Mill (Facility) Limited's capital and voting rights.

- The Mill Group Inc. is a New York corporation incorporated under the New York Business Corporation law with a share capital of USD\$1,010, having its registered office at 99 Washington Avenue, Suite 1008, Albany 12260, New York, United States and registered with the New York Department of State, Corporate Division under company number 2744954. The Company indirectly owns 100% of The Mill Group Inc.'s capital and voting rights.
- Technicolor Creative Studios Australia Pty Ltd is an Australian proprietary company, limited by shares incorporated under Australian law with an issue capital of AUD\$ 7,320,001.00, having its registered office at 68 Jedda Road, Prestons, NSW 2170 Australia, and registered with the Australian Securities and Investments Commission under Australian company number 649 075 543. The Company indirectly owns 100% of Technicolor Creatives Studios Australia Pty Ltd's capital and voting rights.
- Technicolor Creative Studios UK Limited is a private limited company incorporated under the laws of England & Wales with a share capital of £201, having its registered office at 16 Great Queen Street, Covent Garden, London, WC2B 5AH, England, and registered with Companies House under company number 01191228. The Company indirectly owns 100% of Technicolor Creative Studios UK Limited's capital and voting rights.
- Technicolor Trademark Management is a simplified joint stock company (*société par actions simplifiée*) incorporated under French law, with a share capital of €136,161,29 having its registered office 8-10 rue du Renard, 75004 Paris, France, and registered with the Paris Trade and Companies Register under number 487 709 065. The Company indirectly owns 100% of Technicolor Trademark Management capital and voting rights.
- Trace VFX Solutions Private India Ltd. is a private company limited incorporated under Indian law with a share capital of INR 100,000, having its registered office at Ujagar Infotech Park, Ground Floor, Plot No. 2A CTS 653/6, Opp. Deonar Bus Depot, Deonar Mumbai - 400088 and registered with the Registrar of Companies of Mumbai under number U74120MH2011PTC213750. The Company indirectly owns 100% of Trace VFX Solutions Private India Ltd's capital and voting rights.
- Thomson Multimedia Distribution (Netherlands) BV is a limited liability company (*Besloten Vennootschap*) incorporated under dutch law with a share capital of € 50,000, having its registered office at Herengracht 124 1015 BT, Amsterdam, the Netherlands, and registered with the Netherlands Chamber of Commerce under company number 17130046. The Company indirectly owns 100% of Thomson Multimedia Distribution (Netherlands) BV's capital and voting rights.
- The Mill Berlin GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung Gesellschaft mit beschränkter Haftung*) incorporated under German law with a share capital of €25,000, having its registered office at Rosa-Luxemburg-Str. 14, 10178 Berlin, Germany, and registered with the District Court of Charlottenburg (Berlin) under number HRB 206242 B. The Company indirectly owns 100% of The Mill Berlin GmbH's capital and voting rights.

The Company's key subsidiaries and their activities as of the as of the date of the Distribution of the Company's Shares and the date of the admission of the Company's Shares to trading on Euronext Paris are described below.

Legal Entity Name	MPC	The Mill	Mikros	Games	Corp
MPC (Shanghai) Digital Technology Co., Ltd		X			
Tech 6 SAS					X
Tech 7 SAS					X
Mikros Image SAS	X	X	X		
MPC Creative SAS		X			
Mikros Image Belgium	X				
Technicolor India Pvt Ltd	X	X	X	X	
Th. multimedia Distrib.(Netherlands) BV		X			



Technicolor Trademark Management SAS					X
The Mill Group Inc.		X			
The Mill (Facility) LTD		X			
Trace VFX Solutions Private India Ltd	X	X			
The Mill Berlin	X	X			
Technicolor Creative Studios Australia Pty Limited	X				
Technicolor Creative Services USA Inc	X	X	X	X	X
Technicolor Canada, Inc	X		X	X	
Technicolor Creative Studios UK Ltd.	X	X		X	X
Technicolor Animation Productions SAS			X		

## 7. CAPITALIZATION AND INDEBTEDNESS

### 7.1 WORKING CAPITAL STATEMENT

The Company certifies that, in its opinion, the net consolidated working capital available to the Group is sufficient to meet its present requirements for the twelve months following the date of the approval of this Prospectus by the AMF.

### 7.2 CAPITALIZATION AND INDEBTEDNESS

In accordance with point 3.2 of annex 11 to the Delegated Regulation (EU) 2019/980 of 14 March 2019 and the guidelines of ESMA (European Securities Market Authority) dated 4 March 2021 (ESMA32-382-1138, paragraph 166 *et seq.*), the following table sets out the unaudited capitalization and indebtedness of the Group as of 30 June 2022, in accordance with IFRS as adopted by the European Union.

	As of 30 June 2022	As adjusted for the refinancing and legal structuring of the Group
<b>1. Capitalization</b> (in € million)		
<b>Total current debt (including current portion of non-current debt)</b>	<b>241</b>	<b>35</b>
<i>Guaranteed</i>	0	0
<i>Secured <sup>(1)</sup></i>	35	35
<i>Unguaranteed / unsecured <sup>(3)</sup></i>	207	0
<b>Total non-current debt (excluding current portion of non-current debt)</b>	<b>125</b>	<b>687</b>
<i>Guaranteed</i>	0	564
<i>Secured <sup>(2)</sup></i>	123	123
<i>Unguaranteed / unsecured <sup>(4)</sup></i>	2	0
<b>Shareholder's equity<sup>(6)</sup></b>	<b>258</b>	<b>-232</b>
<i>Share capital</i>	ns	nd
<i>Legal reserve(s)</i>	na	nd
<i>Other reserves</i>	na	nd
<b>Total</b>	<b>624</b>	<b>490</b>
<b>2. Indebtedness</b> (in € million)		
<i>A Cash</i>	9	28
<i>B Cash equivalents</i>	2	2
<i>C Other current financial assets <sup>(5)</sup></i>	154	0
<b>D. Liquidity (A) + (B) + (C)</b>	<b>165</b>	<b>30</b>
<i>E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) <sup>(3)</sup></i>	207	0
<i>F Current portion of non-current financial debt <sup>(1)</sup></i>	35	35
<b>G Current financial indebtedness (E+F)</b>	<b>241</b>	<b>35</b>
<b>H Net-current financial indebtedness (G-D)</b>	<b>76</b>	<b>5</b>

<i>I. Non-current financial debt (excluding current portion and debt instruments) <sup>(2)(4)</sup></i>	123	123
<i>J. Debt instruments</i>	0	566
<i>K. Non-current trade and other payables</i>	1	1
<b>L. Non-current financial indebtedness (I+J+K)</b>	<b>124</b>	<b>690</b>
<b>M. Total financial indebtedness (H+L)</b>	<b>201</b>	<b>696</b>

<sup>(1)</sup> Secured “Current debt” corresponds to current portion of lease liabilities.

<sup>(2)</sup> Secured “Non-current debt” corresponds to non-current portion of lease liabilities.

<sup>(3)</sup> Unguaranteed / unsecured “Current debt” includes borrowings with Technicolor SA, for the “As of 30 June 2022” column.

<sup>(4)</sup> Unguaranteed / unsecured “Non-current debt” includes external borrowings in the Group entities, for the “As of 30 June 2022” column.

<sup>(5)</sup> Other current financial assets include receivables with Technicolor SA and deposits, for the “As of 30 June 2022” column.

<sup>(6)</sup> includes net income of the period and OCI.

At the date of the approval of this Prospectus, there is no indirect and contingent indebtedness other than those mentioned in Note 8 to the Interim Combined Financial Statements and Note 12 to the Annual Combined Financial Statements that have, or are reasonably likely to have, a current or future material effect on the Group’s financial condition, results of operations, liquidity, capital expenditure or capital resources.

Since 30 June 2022, the Group has finalized its financing (see section 9.5 “Description of main financial arrangements” of this Prospectus) and the effect of this financing are presented in the “As adjusted for the refinancing and legal structuring of the Group” column. Other than the impacts aforementioned of this financing, there has been no event since 30 June 2022 which might significantly affect shareholders’ equity and indebtedness of the Group.

### 7.3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED

Goldman Sachs Group, Inc., Morgan Stanley, and Credit Suisse acting as equity capital market advisors (in connection with the Distribution, and/or certain of their affiliates, have rendered and/or may render in the future various banking, financial, investment, commercial or other services to the Company or to the Group companies of the Group, their shareholders, affiliates or corporate officers, for which they have received or may receive remuneration. Goldman Sachs Group, Inc. and Credit Suisse have been involved in bank financings that the Company put in place. In this respect, a facility agreement will be entered into with a syndicate of international banks comprising Goldman Sachs Group, Inc. and Credit Suisse.

### 7.4 REASONS FOR THE OFFER AND USE OF THE PROCEEDS

Not applicable.

## 8. ANALYSIS OF THE GROUP'S FINANCIAL POSITION AND RESULTS

In order to provide accounting information to understand the Group's financial position, this Prospectus includes the Annual Combined Financial Statements in Section 19.1 "*The Annual Combined Financial Statements*" of this Prospectus and the Interim Condensed Combined Financial Statements in Section 19.2 "*The Interim Condensed Combined Financial Statements*" of this Prospectus.

Readers are invited to read the following information concerning the Group's financial position and results together with the Group's Combined Financial Statements, as well as the notes to these financial statements.

The Annual Combined Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union and audited by the Company's statutory auditors. The statutory auditors' audit report on the Annual Combined Financial Statements is included in Section 19.1.2 "*Statutory auditors' audit report on the Annual Combined Financial Statements*" in this Prospectus. The Interim Condensed Combined Financial Statements have been prepared in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial statements and reviewed by the Company's statutory auditors. The statutory auditors' review report on the Interim Condensed Combined Financial Statements is included in Section 19.2.2 "*Statutory auditors' review report on the Interim Condensed Combined Financial Statements*".

### 8.1 OVERVIEW

The Group is a global leading independent provider of creative visual arts services. The Group specializes in VFX and through its award-winning teams of artists and technologists' partners with the creative community across Feature Film, Episodic, Animation, Brand Experience & Advertising, and Gaming to bring the universal art of visual storytelling to audiences everywhere.

The Group has organised itself under four (4) primary business lines – MPC (Film & Episodic VFX), The Mill (Advertising), Mikros Animation, and Technicolor Games – to strengthen its respective brand propositions across key industry sectors, underpinned by the Group's large-scale production platform in India, centralised R&D operations, global production infrastructure, and global people & talent organisation.

- 1. MPC (Film & Episodic VFX):** The Group's award-winning visual effects studios, now under the unitary MPC brand, unite artistry and creativity with technology and innovation. MPC brings decades of experience in delivering everything from breathtaking environments to the precise details of a full CGI character, all for the world's leading film and episodic content creators;
- 2. The Mill (Advertising):** With the latest visual effects, CGI and immersive technologies, The Mill produces ground-breaking advertising, branded content and interactive marketing solutions for the world's biggest brands, agencies and production companies;
- 3. Mikros Animation:** Mikros Animation partners with filmmakers and the animation community to design and craft stories in striking CGI animation in any format and for any screen, from episodic hits to major studio animated features;
- 4. Technicolor Games:** Technicolor Games creates and delivers high-end art and animated content with its partners in the gaming industry, collaborating with many of the top game developers in the world on their AAA franchises.

At 31 December 2021, the Group employed approximately 10,700 people (including approximately 8,300 digital artists) across India (55%), Canada (16%), the UK (12%), USA (8%), and France and Other (9%). The Group has operations across North America, Europe, India, China, and Australia.

For the fiscal year ended 31 December 2021, the Group generated combined revenue of €601 million.

#### *Geographical zones*

The allocation of revenues by geographical area was as follows for the financial years ended 31 December 2019, 2020 and 2021:

(€ in million)	U.S.	U.K.	Canada	France	Other	Total
<b>Revenue</b>						
<b>2021</b>	230	136	144	65	26	601
<b>2020</b>	194	95	91	37	20	438
<b>2019</b>	227	201	272	33	38	771

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

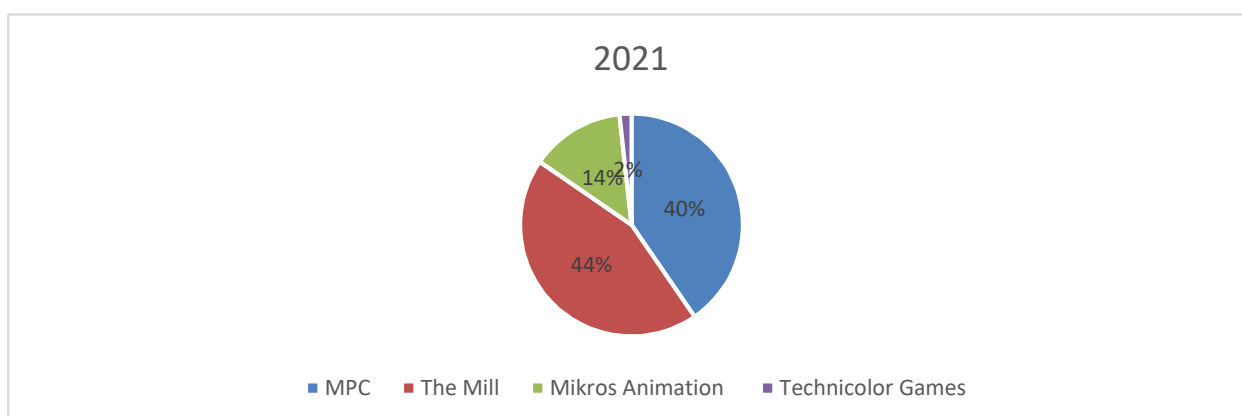
#### *Business segments*

As per IFRS 15, revenues by business lines were as follows for the financial years ended 31 December 2019, 2020 and 2021:

€m	2021	% YoY change	% YoY change at constant currency	2020	% YoY change	% YoY change at constant currency	2019
MPC	242	82.5%	77.7%	133	-69.5%	-68.8%	435
The Mill	265	13.5%	15.4%	234	-13.1%	-11.6%	269
Mikros Animation	82	36.2%	37.5%	60	3.4%	5.3%	58
Technicolor Games	10	21.6%	25.9%	9	-2.3%	0.0%	9
Corporate & Other	1	n.a.	n.a.	2	n.a.	n.a.	1
<b>Total Group</b>	<b>601</b>	<b>37.3%</b>	<b>37.1%</b>	<b>438</b>	<b>-43.3%</b>	<b>-42.2%</b>	<b>771</b>

As a result of the above, for the year 2021, the breakdown of revenues was as follows:

#### **Group's revenues from operations broke down by segment in 2021**



#### **8.1.1 Key factors materially affecting the Group's results**

Certain key factors as well as certain past events and transactions have had, and could continue to have, an impact on the Group's activities and results presented in this chapter, including the risk factors that may have an impact on the Group's business and which are described in Chapter 3 "Risk Factors" of this Prospectus. The main factors affecting the Group's results include: (i) general market trends (ii) talent management, development and retention,

(iii) changing technology, (iv) pipeline, customer project management and seasonality of film project scheduling, (v) mergers and acquisitions, (vi) exchange rates fluctuations, (vii) pandemic / Covid-19 impacts, (viii) client concentration, and (ix) competitive environment.

#### 8.1.1.1 General market trends of the Group's markets

Demand for the services provided by the Group may be strongly affected, positively or negatively, by the level of demand in the industries in which it operates, insofar as the level of theatrical and streaming releases has an influence on VFX or Animation demand.

In 2020 and early 2021, the Covid-19 global pandemic fundamentally changed the theatrical exhibition industry. For example, the 45-day theatrical window (the period when a film is exclusively in theaters before being made available elsewhere; e.g., Warner Bros' 2022 theatrical releases will be made available on HBO Max no earlier than 45 days after its initial theatrical release) has now supplanted the traditional 75- to 90-day window. Furthermore, according to the Motion Picture Association, while global box office receipts grew 81% in 2021 as compared to 2020, it remains at approximately half of pre-pandemic 2019 levels. As a result, many of the major studios appear to be reducing their theatrical film slates while shifting production budgets to streaming platforms where VFX budgets may not be as large. Any reduction in the number of films requiring VFX or animation services being released theatrically each year may negatively impact the Group's addressable market and financial performance.

While average production budget for non-theatrical projects may not be as high as those of tentpole theatrical projects, the Group endeavors to maintain a well-diversified portfolio mix of project types and sizes in order to mitigate dependencies on certain market segments.

#### 8.1.1.2 Talent management, development and retention

To serve growing demand in its markets, the Group depends on the continued recruitment and engagement of specialised personnel, with a strong skills set (creative, technical, operational, etc.) with specific industry knowledge. Furthermore, the talent pool from which the business draws much of its staff is highly geographically mobile. The Group is dependent on the continuous recruiting of many artists, production staff and technical talent, while competing for talent with existing direct competitors, new players (e.g., technology companies) and clients who are vertically integrating certain production services activities (i.e., bringing activities in-house).

Every industry in which the Group participates has been impacted by a shortage of talented professionals, despite the increasing demand for content registered since 2021. In addition to immigration policy changes in Canada and in the UK, the Covid-19 pandemic affected 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, the Group continues to invest in its TCS Academies across multiple locations, and implements various measures aiming at reducing attrition rate and retain talents. As a result of any shortage or delays in securing talent, the Group may rely on overtime, the engagement of higher cost freelance talent, and/or the allocation of more resources to a project in order to meet its deadlines. This may lead to higher costs on a project that may not be subsequently recovered via a change order from the client.

#### 8.1.1.3 Changing technology

The Group operates in industries where technology plays a vital role, particularly in the production of digital visual arts. The Group constantly witnesses technological advancements in quality, scale, and speed in production, and what ultimately appears on screen to consumers.

For example, the entertainment industry continuously invests in and experiments with emerging technologies and processes like virtual production, incorporating real-time production using game engines. Failure of the Group to keep pace with the industry in such new technological advancements may result into other industry participants to develop a competitive advantage over the Group.

To stay at the forefront of technology advances, the Group continues to invest materially in research and development, and recruiting industry-recognised technology talents.

The Group leverages the latest cutting-edge software, and supplements these with a bespoke technological toolkit

that enables a highly scalable and efficient global workflow. As a result, the Group's facilities can collaborate seamlessly and simultaneously on a global scale. Underpinning these capabilities is a scalable, service-oriented infrastructure that is capable of transporting 160 terabytes of data through the network on a daily basis, allowing the Group to be one of the few players capable of producing multiple simultaneous and complex projects for its clients.

The Group must regularly invest in IT equipment and production software to operate its businesses. In 2021, the Group's capital expenditure and capital lease cash out amounted to €25 million. Most of that expenditure was incurred on IT hardware including workstations, storage and data centers, IT software and capitalized production spend. Furthermore, for the financial year ended 31 December 2021, the Group invested €8 million in software development, while actively participating in technology-driven communities and conferences like SIGGRAPH.

#### 8.1.1.4 Pipeline, customer project management and seasonality of film project scheduling

Projects in the Group's business vary greatly in size, with several large projects that can last 12-18 months and numerous small ones that require much quicker delivery. A key challenge is the proper allocation of resources in order to deliver a production on time and on budget, mitigating gaps between projects, and managing changes by clients in production scope, production schedules and release dates.

Dependencies may also exist with the customer and/or the customer's other service providers that can negatively impact the time available for the Group to complete a project. For example, the Group's VFX businesses are dependent upon the client's turnover of shots. In addition, with respect to MPC, due to the industry seasonality of film releases (such as during holiday and festival seasons), there tends to be periods of peak resource demand. Any changes in production and release schedules imposed by customers during this time can make it difficult for the Group to re-allocate resources.

In the Group's business, there are dedicated processes in place for risk assessment that are regularly updated throughout the execution of the projects to address any mitigating actions needed.

During production, close monitoring of projects, including regular cost-to-complete financial reviews, is established to ensure that work-in-progress is in line with budgets initially approved, as well as to anticipate any deviations in terms of resources, quality and delivery timing. Progress reports and management indicators are built to support this monitoring process.

To ensure that quality of services is in line with customers' expectations, initial tests and intermediary deliveries are scheduled with customers.

The Group also uses workflow management tools which help to coordinate reviews and deliveries with third parties and limit the dependencies risks. In addition to mitigating client dependencies, with fixed bid awards, contracts have well-structured change order provisions to allow for the negotiation of award increases or decreases if a client materially changes the project scope/scale, or for creative retakes.

With a network of production studios across the globe and its Global Workforce Planning group, the Group also has the scale and technology to optimize resource allocation and utilisation if a specific project requires additional resources that were not previously anticipated or if a client changes its production schedule and/or release date for the project.

The Group has a strong track record of delivering projects on time and on budget and has the global production capacity and resource management expertise to optimize utilization by sharing talent and technology across locations.

Any delay in turnover by the client reduces the amount of time the Group has to complete the VFX shots, which may then require additional resources and costs in order to maintain the production schedule. This may cause budgetary overflows and constraints on resources allocations for other projects. In addition to such financial risk, the Group may face delays or slippages, sometimes leading, in extreme situations, to project cancellations.

The Group actively seeks to diversify its customer and project mix to mitigate financial performance volatility that may be caused by any significant dependency on a specific customer and/or sector.

#### 8.1.1.5 Mergers and acquisitions

The Group has, and will continue to, evaluate any M&A opportunity suitable to the Group's strategy.

The Group has substantial experience in acquiring companies and assets, including the acquisitions of Mr. X Inc. (2014), OuiDO! Productions (2015), Mikros Image (2015), and The Mill (2015). After extensive due diligence investigations, financial modelling and scenario analyses, all potential M&A transactions are reviewed at multiple stages by the Group's Investment Committee and/or its Board of Directors, depending on the size of the transaction.

The Group also continuously evaluates areas of underperformance and/or service lines that may become non-core to the Group's strategy. Such evaluations led to the decision to sell the post-production services business in 2021. In April 2021, in order to focus on VFX and Animation for the entertainment industry, and creative services and technologies for the advertising industry, the Group closed the sale of the Technicolor Post Production business for €30 million to Streamland Media. The sale of post-production services simplified Technicolor Creative Studios portfolio of activities and allowed management to increasingly focus on its remaining core CGI activities.

#### 8.1.1.6 Exchange rates fluctuations

The Group faces both exchange rate translation and transaction risks.

Translation risk occurs as the Group's Combined Financial Statements are presented in euros. Thus, assets, liabilities, revenues and expenses denominated in currencies other than the euro must be translated into euros at the applicable exchange rate to be included in the Group's Combined Financial Statements. The fluctuation of exchange rates can have an impact on the value of the assets, liabilities, revenues and expenses in Group's Combined Financial Statements, even if the value of these items has not changed in their original currency. The Group's policy is not to hedge translation risk.

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 sales in U.S. dollar versus Canadian dollar, versus British pound and versus Indian rupee.

In 2019, 2020 and 2021 these sales versus Canadian dollars were U.S. dollar 167 million; 20 million and 17 million respectively. In 2019, 2020 and 2021 these sales versus British pounds were U.S. dollar 19 million; 5 million and 13 million respectively. In 2019, 2020 and 2021 these sales versus Indian rupee were U.S. dollar 90 million; 72 million and 91 million respectively.

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 puts in place intercompany hedges with the subsidiaries of the Group and in turn hedges the net exposures 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.

Foreign currency: the Group's main exposure is the fluctuation of the U.S. dollar against the Canadian dollar, the British pound and the Indian rupee.

The Group believes a 10% fluctuation in the U.S. dollar versus these currencies 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 these currencies on the Group's Profit from continuing operations before tax and net finance costs. 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.



<b>Profit from continuing operations before tax and net finance costs <sup>(1)</sup></b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Transaction impact	9	4	25
Translation impact	-2	-4	1
<b>Total</b>	<b>8</b>	<b>0</b>	<b>26</b>

<sup>(1)</sup> Profit impact is calculated as follows:

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

See also Note 9.5 to the Annual Combined Financial Statements for information about this risk and its management.

#### 8.1.1.7 Pandemic / Covid-19 impacts

The Covid-19 global pandemic has had a tremendous impact on content production as a result of the governmental measures that have been implemented, in particular the lockdowns or the travel restrictions. In 2021, the pandemic continued to affect immigration and travel, while also creating supply chain / logistics issues leading to delays in procuring certain equipment. Further instances of Covid-19 flare-ups or any new pandemic may negatively impact the Group's business to the extent projects are materially delayed, travel restrictions reintroduced and/or lockdown protocols reintroduced in key production centers.

The pandemic has also fundamentally changed the theatrical exhibition industry as described above. As a result, many of the major studios appear to be reducing their theatrical film slates while shifting production budgets to streaming platforms where VFX budgets may not be as large. Any reduction in the number of films requiring VFX or animation services being released theatrically each year may negatively impact the Group's addressable market and financial performance. While production budgets for non-theatrical projects may not be as high on average today vs. those of tentpole theatrical projects, the Group endeavors to maintain a well-diversified portfolio mix of project types and sizes in order to mitigate dependencies on certain market segments like the theatrical tentpole film.

With regards to overall health & safety, the advent of the Covid-19 pandemic, and associated guidance issued by the World Health Organization, have negatively impacted the Group. Beyond the major human impact on employees, the Group had to temporarily close some facilities pursuant to local government restrictions during the pandemic. Moreover, our customers and vendors have been impacted as well. Any future resurgence in the pandemic or a new pandemic could have a negative impact on the Group's financial results.

The Group is closely monitoring the evolution of the Covid-19 pandemic, and is taking all appropriate measures in order to support its customers and suppliers throughout this ongoing difficult period and to ensure the safety of its employees and contractors. The Group continues to evaluate any potential impacts to production and deliveries and will try to mitigate via alternative plans where necessary. The Group has successfully implemented work from home arrangements to ensure continuity and productivity across the Group. Finally, in order to react quickly and to take all necessary measures, the Group maintains a Covid-19 task force to address required actions and monitor on-going developments.

#### 8.1.1.8 Client concentration

For the financial year ended 31 December 2021, the Group's top three customers (from a customer ultimate holding company perspective) accounted for approximately 35% of the Group's revenues. While no single customer is responsible for 15% or more of the Group's revenues for the financial year ended 31 December 2021 and while the Group believes it is well-diversified between entertainment and advertising-related revenues, a significant part of the Group's business remains dependent upon its relationships with key content producers, including the major Hollywood studios, streaming providers and directors. Any substantial deterioration in these relationships, including from the loss of key talent to a competitor, may negatively impact the Group's business and financial performance.

Furthermore, even though the Group's history with several major studios dates back to the early 20<sup>th</sup> century, the overwhelming majority of its customer contracts are on an individual project basis. The Group is dependent upon the development and maintenance of client relationships through performance (including quality and timeliness of its work, which is in part reliant upon technology), price, talent and key relationships. Any material adverse impacts to any of these factors may negatively impact the Group's business and financial performance.

The Group is also dependent upon the volume of production on new content that requires VFX or animation services. Customer consolidation that may lead to an overall reduction in the volume of such content being produced may also have a negative impact on the Group's addressable market and financial performance. Customer consolidations include Disney's acquisition of 21<sup>st</sup> Century Fox assets, Amazon's acquisition of MGM, the Viacom and CBS merger, and the pending Discovery and WarnerMedia merger. Customer consolidation that may lead to a pressure for discounted prices may also have an impact on the pricing of the Group's services.

The Group actively seeks to diversify its customer and project mix in order to mitigate financial performance volatility that may be caused by any significant dependency on a specific customer and/or sector.

#### 8.1.1.9 Competitive environment

The Group operates in a highly competitive environment across all its business lines: MPC (Film & Episodic VFX), The Mill (Advertising), Mikros Animation (Animation) and Technicolor Games (Games Art Services) (see Chapter 5 "*Overview of the Group's Activities*" of this Prospectus). In MPC, the Group competes with many VFX companies across all types and sizes of projects, including with Cinesite, Digital Domain, DNEG (owned by Prime Focus Limited), Framestore, Industrial Light & Magic (owned by Disney), Pixomondo, Rodeo FX, Scanline VFX (owned by Netflix), Sony Pictures Imageworks (owned by Sony), and Wētā FX. The Film & Episodic VFX market is highly fragmented, with thousands of very small players and only a few globally scaled firms, of which MPC is one of the largest based on revenue (see Section 5.2.1 "*The Film & Episodic VFX market*" of this Prospectus). In Mikros Animation, the Group competes with several CG animation studios like Animal Logic, Bardel Entertainment (majority-owned by Rainbow S.p.A.), CGCG, Cinesite, DNEG, ICON Creative Studio, Jellyfish Pictures, Reel FX, and Sony Pictures Imageworks.

In The Mill, the Group's services extend across a wide spectrum of segments, each with its own distinct pool of competitors. Advertising competitors include Framestore and Media.Monks, local boutiques, global consultancies like Accenture Song and in-house production arms of the major global advertising holding companies (e.g., WPP's Hogarth and Publicis' Prodigious). The Mill currently participates across multiple areas within the advertising production value chain, with its strongest footprint within VFX, in which market The Mill is a major player based on revenue. However, The Mill considers its addressable market opportunity to be the much larger Brand Experience & Advertising production market, with a wide spectrum of competition across the different segments in which The Mill competes (see Section 5.2.2 "*The Brand Experience & Advertising Production market*" of this Prospectus). In Technicolor Games, the Group, a minor player, competes in a highly fragmented industry, ranging from much larger companies like Keywords Studios and Virtuos to small studios primarily across Europe and Asia. For the industries in which each of the Group's business lines operate, demand for talent is also greatly exceeding supply, driving intense competition to recruit and retain talent (see Section 3.2.4 "*Skills and knowledge management, development and retention*" of this Prospectus).

For MPC in particular, Film & Episodic VFX projects are increasingly split among a significant number of VFX vendors due to tightening production deadlines and clients' wanting to diversify vendor risk. As a result, switching costs for customers can be low, driving increasing competitive pressures; except in the case for large tentpole VFX-heavy films that require the scale and expertise that a limited number of VFX companies can provide, one of whom is MPC.

Furthermore, customers' insourcing of VFX and/or animation services may limit or reduce the addressable market in the future (e.g., Netflix's acquisition of Scanline VFX). Even if the Group anticipates that growth in demand for such services may surpass the volume that customers like Netflix may be able to insource, the occurrence of such risk may negatively impact the Group's addressable market and financial performance.

The Group continuously strives to identify and develop competitive advantages in order to retain or grow market share in its respective industries. Maintaining investment in talent, technology and workflows is critical for the Group to compete at scale and to strengthen relationships with key customers and with key talent. Without sufficient investment in recruiting, training and retaining talent, the Group may not develop and expand the production capacity needed to achieve its growth objectives. Furthermore, without continuing to invest in

technology and workflows, the Group may fall behind its competitors with regards to quality, productivity and efficiency, potentially resulting in a decline in market share and/or a reduction in margins.

### **8.1.2 Main items of the Combined Financial Statements**

The Group's Combined Financial Statements have been prepared in accordance with IFRS as issued by the IASB and endorsed by the EU, under consideration of the principles for determining which assets and liabilities, income and expenses, as well as cash flows, are to be transferred to the Group as described in Note 1.3 to the Annual Combined Financial Statements.

#### **8.1.2.1 Principles applied in preparing the Combined Financial Statements**

The Group's business did not form a separate legal group of companies in the periods presented. As a result, the accompanying Group's Combined Financial Statements are derived (carved-out) from Technicolor SA Group's IFRS consolidated financial statements and accounting records.

In addition to the Group's operations, the Group's Combined Financial Statements include charges and allocation of expenses related to certain Technicolor SA Group business support functions including human resources operations, real estate services, procurement, information technology, and financial reporting and accounting operations.

No allocations were made for Technicolor SA's corporate governance and administrative functions, including board of directors and other corporate functions, such as tax, corporate governance and listed company compliance, investor relations, internal audit, treasury, and communications functions.

Management believes that no allocation methodology was relevant as the Group will have to support its own corporate structure and previously benefitted from these costs in a manner that would not be commensurate with any allocation key. Although the Group's Combined Financial Statements reflect management's best estimate of all historical costs related to the Group, such statements will not reflect what the results of operations, financial position or cash flows of the Group would have been if the Group had operated as an independent, publicly traded company for the periods presented, nor the future actual expenses and results of operations and financial position of the Group on a standalone basis following the completion of the separation and spin-off.

For more information, please refer to the Note 1.3 to the Annual Combined Financial Statements.

#### **8.1.2.2 Main items of the statement of profit and loss of the Group's Combined Financial Statements**

The main items of the statement of profit and loss of the Group's Combined Financial Statements, on which the management analyzes its combined financial results are described below.

##### **Revenue**

Under IFRS 15 revenue is recognised 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 a 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 right to consideration is presented separately as a receivable.

The Group has four (4) continuing businesses and reportable operating segments under IFRS 8: MPC, The Mill, Mikros Animation and Technicolor Games. They have been regrouped in two business segment groups which share similar production processes, resources, and customer profiles.

##### ***MPC (previously known as Film & Episodic VFX) & Mikros Animation***

MPC & Mikros Animation provide a wide variety of VFX/Animation services for film and episodic series. Each release or season constitutes a project individually negotiated with the producing studio and considered as a single

performance obligation. As the intellectual property of the project belongs to the studio, revenue is recognised over time. Revenue is recognised according to the percentage of completion method. Percentage of completion is measured using labour costs to date divided by expected labour costs at completion.

Mikros Animation also produces owned or co-owned animated series and licenses them to broadcasters and other customers. Licensing revenue is recognised upon delivery on an episode by episode basis for initial broadcasters and upon sale of right to use for subsequent sales.

#### *The Mill (previously known as Advertising) & Technicolor Games*

The Mill provides VFX services for brands, advertising agencies, and other clients; as well as related services, such as live shooting production. Projects are generally awarded, delivered and invoiced over a short period of time (typically three to six weeks).

Technicolor Games provides art services such as creating characters or other digital assets for major games studios. Revenue is recognised according to the percentage of completion method. Percentage of completion is measured using output measures.

- Labour costs in the Group's operations, including artists, freelancers and service lines' management;
- Costs related to real estate and fixed asset depreciation, mainly:
  - o depreciation of capital leases (computers and servers); and
  - o depreciation of operating leases (mostly real estate-related rents). On operating leases, 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 lease term 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 direct 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 evaluation of the following information:
    - the depreciation period of the fittings;
    - the rent evolution compared to market prices;
    - visibility regarding business activity for each site.
- Other external purchases including third-party outsourcing, IT software and hardware costs, marketing costs and sales commissions;
- Operating subsidies received, mainly corresponding to government grants linked to business activity especially in France and Canada. According to IAS 20 government grants are transfers of resources to an entity by government in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is action by government designed to provide an economic benefit that is specific to an entity or range of entities qualifying under certain criteria. An entity recognizes government grants only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate.

#### Selling and Administrative expenses

Selling and Administrative expenses mainly comprise costs of Group management, together with headquarters support functions, such as Human Resources, IT, Finance, Marketing and Communications, Corporate Legal Operations and Real Estate Management.

#### Net financial income / (expenses)

The cost of financing included in the Group's Combined Financial Statements may not necessarily represent what the finance costs would have been, had the Group historically obtained financing on a stand-alone basis. These costs may not be indicative of the cost of financing for the Group in the future.

Please refer to Chapter 9 "*The Group's liquidity and capital resources*" of this Prospectus for more details about the future financing structure of the Group.

## Income Tax

Income tax expense comprises current and deferred tax. Deferred tax is recognised in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss (either in OCI (Other Comprehensive Income) 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.

### **8.1.3 Key performance indicators**

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

- *Operating leases (rents)*: under IFRS 16, operating leases are capitalized and included in debt (with related interest expenses accounted for in financial results). Total rent paid (mostly real estate rent related) over the period is subtracted from non-GAAP Adjusted EBITDA after lease, as considered as an operational expense, which improves comparability with peers' reporting under US GAAP;
- *Cloud rendering and other usage-based IT costs*: under previous KPI definitions, these costs are accounted for as either intangible assets (third-party software) or contract costs (cloud rendering) depreciation. However, in light of the evolution of invoicing schemes applied for third-party software (which is increasingly invoiced based upon usage as opposed to fixed-term licenses), the Group's non-GAAP key performance indicators will instead treat usage-based IT costs as operating expenses. Accordingly, as cloud rendering and other usage-based IT costs are treated as operating expenses, the Group's non-GAAP key performance indicator related to adjusted operating free cash flow after lease (new definition) will include the following adjustments:
  - (i) Capital expenditures will exclude usage-based third-party software; and
  - (ii) Change in working capital will exclude cloud rendering;
- *Capital leases*: under IFRS, capital leases (e.g., IT infrastructure and workstations) are accounted for as tangible or intangible assets (and accordingly in net financing cash generated from (used in) continuing activities). These are now included in the non-GAAP adjusted operating free cash flow after lease (new definition).

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

#### **Adjusted EBITA after lease (new definition):**

*EBIT adjusted positively by:*

- The amortization of intangibles that arose from acquisitions or disposals (PPA amortization);
- Restructuring costs;
- Other non-current items, comprising Other (expenses) income, Impairment (losses) gain and Capital gains/losses.

*And negatively by:*

- The difference between operating lease payments and operating leases assets depreciation.

#### **Adjusted EBITDA after lease (new definition):**

Adjusted EBITA after lease (new definition) adjusted by adding back:

- Depreciation and amortization, excluding depreciation of usage-based IT costs, operating leases assets depreciation and Amortization of intangibles that arose from acquisitions or disposals (PPA amortization), including capital lease depreciation;
- Non-cash income and expense such as equity-settled share-based payments.

#### **Adjusted Operating Free Cash Flow after lease (new definition):**

Adjusted EBITDA after lease (new definition) minus:

- Capital expenditures, excluding usage-based IT cost (without cloud rendering);
- Capital leases cash out;
- Restructuring cash out;

- Change in working capital, excluding cloud rendering cash out;
- Other non-current cash out.

**Adjusted Free Cash Flow after lease (new definition)** corresponds to Adjusted Operating Free Cash Flow after lease (new definition) minus Net interest paid excluding leases and other cash financial items and Income tax cash out.

In addition, in the context of the Group's indebtedness, the Group will follow the following non-GAAP financial indicators in order to calculate its financial covenant:

**Net Debt** corresponds to the nominal value of the Group's debt less the operating lease debt under IFRS 16.

**Adjusted EBITDA from continuing operations** 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).

	<i>In m€</i>	<i>H1 2022</i>	<i>H1 2021</i>	<i>FY 2021</i>	<i>FY 2020</i>	<i>FY 2019</i>
<b>P&amp;L</b>	<b>Revenues</b>	<b>409</b>	<b>267</b>	<b>601</b>	<b>438</b>	<b>771</b>
	<b>EBIT</b>	<b>19</b>	<b>-5</b>	<b>20</b>	<b>(100)</b>	<b>11</b>
	<i>In % of revenues</i>	<i>4.7%</i>	<i>-1.9%</i>	<i>3.4%</i>	<i>-22.8%</i>	<i>1.4%</i>
	Operating leases – rent paid cancellation (mostly real estate)	(15)	(10)	(22)	(21)	(25)
	Operating leases - depreciation	10	7	16	17	21
	Amortization of purchase accounting items (PPA)	4	4	8	8	8
	Restructuring costs	1	1	5	24	11
	Other non-current items	4	2	4	5	2
	<b>Adjusted EBITA after lease (new definition)</b>	<b>23</b>	<b>0</b>	<b>31</b>	<b>(67)</b>	<b>29</b>
	<i>In % of revenues</i>	<i>5.7%</i>	<i>0.0%</i>	<i>5.2%</i>	<i>-15.2%</i>	<i>3.8%</i>
	Depreciation & amortization <sup>(1)</sup>	20	22	43	55	64
	Other non cash items <sup>(2)</sup>	-	-	1	-	1
	<b>Adjusted EBITDA after lease (new definition)</b>	<b>43</b>	<b>22</b>	<b>75</b>	<b>(12)</b>	<b>94</b>
	<i>In % of revenues</i>	<i>10.5%</i>	<i>8.3%</i>	<i>12.5%</i>	<i>-2.7%</i>	<i>12.3%</i>
<b>FCF</b>	<b>Adjusted EBITDA after lease (new definition)</b>	<b>43</b>	<b>22</b>	<b>75</b>	<b>(12)</b>	<b>94</b>
	Capex <sup>(3)</sup>	(17)	(5)	(14)	(23)	(56)
	Capital leases (cash out)	(7)	(8)	(11)	(24)	(26)
	Restructuring cash out	(4)	(4)	(7)	(13)	(6)
	Change in working capital <sup>(4)</sup>	(30)	14	30	(3)	7
	Other non-current cash out	(4)	3	1	(4)	(2)
	<b>Adjusted Operating Free Cash Flow after lease (new definition)</b>	<b>(20)</b>	<b>23</b>	<b>74</b>	<b>(78)</b>	<b>11</b>
	<i>In % of Adjusted EBITDA after lease (new definition)</i>	<i>n.m.</i>	<i>103.5 %</i>	<i>99.0%</i>	<i>n.m.</i>	<i>11.2%</i>
	Net interest paid excluding leases and other cash items	(3)	(6)	(11)	(5)	(16)
	Income Tax cash out	(20)	1	(1)	(0)	(5)
	<b>Adjusted Free cash flow after lease (new definition)</b>	<b>(43)</b>	<b>18</b>	<b>62</b>	<b>(83)</b>	<b>(10)</b>

<sup>(1)</sup> Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and

- amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.
- (2) Mainly costs of equity settled share-based payments.
- (3) Excluding usage-based IT cost (without cloud rendering).
- (4) Excluding cloud rendering cash out.

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

<u>Previous label and definitions</u>	<b>H1 2022</b>							<u>New labels and definitions</u>
<i>In m€, at current rate</i>	As published (TCH segment definition)	Change in scope <sup>(3)</sup>	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	
<b>Revenues</b> from continuing operations	<b>408</b>	<b>1</b>	<b>409</b>				<b>409</b>	<b>Revenues</b>
<b>Adjusted EBITDA from continuing operations</b> <i>As a % of revenues</i>	<b>61</b> <i>15.0%</i>	<b>4</b>	<b>65</b> <i>16.0%</i>	<b>-8</b>	<b>-2</b>	<b>-15</b>	<b>43</b> <i>10.5%</i>	<b>Adjusted EBITDA after lease (new definition)</b> <i>As a % of revenues</i>
D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization	-35	-2	-37	8	2	10	-20	D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization (new definition)
<b>Adjusted EBITA from continuing operations</b> <i>As a % of revenues</i>	<b>26</b> <i>6.4%</i>	<b>2</b>	<b>28</b> <i>6.9%</i>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>23</b> <i>5.7%</i>	<b>Adjusted EBITA after lease (new definition)</b> <i>As a % of revenues</i>
PPA amortization	-4	0	-4				-4	PPA amortization
Non recurring items	-4	-1	-5				-5	Non recurring items
						5	5	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
<b>EBIT from continuing operations</b> <i>As a % of revenues</i>	<b>18</b> <i>4.5%</i>	<b>1</b>	<b>19</b> <i>4.7%</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b> <i>4.7%</i>	<b>EBIT</b> <i>As a % of revenues</i>
Net financial income (loss)			-9				-9	Net financial income (loss)
Income tax			-15				-15	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
<b>Profit (loss) from continuing operations</b>			<b>-5</b>				<b>-5</b>	<b>Profit (loss) from continuing operations</b>
Net gain (loss) from discontinued operations			0				0	Net gain (loss) from discontinued operations
<b>Net income (loss)</b>			<b>-4</b>				<b>-4</b>	<b>Net income (loss)</b>
Other information								Other information

<b>Net CapEx</b>			<b>-25</b>	<b>8</b>			<b>-17</b>	<b>Capex<sup>(4)</sup></b>
<b>Change in WCR (incl. rendering)</b>			<b>-30</b>	<b>0</b>			<b>-30</b>	<b>Change in WCR (excl. rendering)</b>

<sup>(1)</sup> Including IT capacity use for rendering in Technicolor Creative Studios

<sup>(2)</sup> Risk, litigation and warranty reserves

<sup>(3)</sup> Mainly post closing adjustment of TCH group on TCS segment accounts in 2022 already recognized in previous years for TCS combined accounts

<sup>(4)</sup> Excluding usage-based IT cost based (without cloud rendering).

<u>Previous label and definitions</u>	<b>H1 2021</b>							<u>New labels and definitions</u>
<i>In m€, at current rate</i>	As published (TCH segment definition)	Change in scope <sup>(3)</sup>	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	
<b>Revenues</b> from continuing operations	<b>295</b>	<b>-28</b>	<b>267</b>				<b>267</b>	<b>Revenues</b>
<b>Adjusted EBITDA from continuing operations</b> <i>As a % of revenues</i>	<b>40</b> <i>13.7%</i>	<b>-3</b>	<b>37</b> <i>14.0%</i>	<b>-4</b>	<b>-2</b>	<b>-10</b>	<b>22</b> <i>8.3%</i>	<b>Adjusted EBITDA after lease (new definition)</b> <i>As a % of revenues</i>
D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization	-35	0	-35	4	2	7	-22	D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization (new definition)
<b>Adjusted EBITA from continuing operations</b> <i>As a % of revenues</i>	<b>6</b> <i>1.9%</i>	<b>-3</b>	<b>2</b> <i>0.9%</i>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>0</b> <i>0.0%</i>	<b>Adjusted EBITA after lease (new definition)</b> <i>As a % of revenues</i>
PPA amortization	-4	0	-4				-4	PPA amortization
Non recurring items	3	-6	-3				-3	Non recurring items
						2	2	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
<b>EBIT from continuing operations</b> <i>As a % of revenues</i>	<b>4</b> <i>1.4%</i>	<b>-9</b>	<b>-5</b> <i>-1.9%</i>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b> <i>-1.9%</i>	<b>EBIT</b> <i>As a % of revenues</i>
Net financial income (loss)			-11				-11	Net financial income (loss)
Income tax			-3				-3	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
<b>Profit (loss) from continuing operations</b>			<b>-19</b>				<b>-19</b>	<b>Profit (loss) from continuing operations</b>
Net gain (loss) from discontinued operations			8				8	Net gain (loss) from discontinued operations
<b>Net income (loss)</b>			<b>-11</b>				<b>-11</b>	<b>Net income (loss)</b>



Other information								Other information
Net CapEx			-9	4			-5	Capex <sup>(4)</sup>
Change in WCR (incl. rendering)			14	0			14	Change in WCR (excl. rendering)

<sup>(1)</sup> Including IT capacity use for rendering in Technicolor Creative Studios

<sup>(2)</sup> Risk, litigation and warranty reserves

<sup>(3)</sup> Mainly Post Production

<sup>(4)</sup> Excluding usage-based IT cost based (without cloud rendering).

<u>Previous label and definitions</u>	<b>2021A</b>							<u>New labels and definitions</u>
<i>In m€, at current rate</i>	As published (TCH segment definition)	Change in scope <sup>(3)</sup>	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	
Revenues from continuing operations	629	-28	601				601	Revenues
Adjusted EBITDA from continuing operations <i>As a % of revenues</i>	113 17.9%	-5	107 18.1%	-10	-1	-22	75 12.5%	Adjusted EBITDA after lease (new definition) <i>As a % of revenues</i>
D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization	-72	1	-70	10	1	16	-44	D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization (new definition)
Adjusted EBITA from continuing operations <i>As a % of revenues</i>	41 6.5%	-4	37 6.2%	0	0	-6	31 5.2%	Adjusted EBITA after lease (new definition) <i>As a % of revenues</i>
PPA amortization	-8		-8				-8	PPA amortization
Non recurring items	-6	-2	-8				-8	Non recurring items
						6	6	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
EBIT from continuing operations <i>As a % of revenues</i>	27 4.3%	-6	20 3.5%	0	0	0	20 3.5%	EBIT <i>As a % of revenues</i>
Net financial income (loss)			-21				-21	Net financial income (loss)
Income tax			-18				-18	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
Profit (loss) from continuing operations			-19				-19	Profit (loss) from continuing operations
Net gain (loss) from discontinued operations			5				5	Net gain (loss) from discontinued operations

Net income (loss)			-14				-14	Net income (loss)
Other information								Other information
Net CapEx			-24	10			-14	Capex <sup>(4)</sup>
Change in WCR (incl. rendering)			29	0			29	Change in WCR (excl. rendering)

<sup>(5)</sup> Including IT capacity use for rendering in Technicolor Creative Studios

<sup>(6)</sup> Risk, litigation and warranty reserves

<sup>(7)</sup> Mainly Post Production

<sup>(8)</sup> Excluding usage-based IT cost based (without cloud rendering).

<u>Previous label and definitions</u>	<b>2020A</b>							<u>New labels and definitions</u>
<i>In m€, at current rate</i>	As published (TCH segment definition)	Change in scope <sup>(3)</sup>	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	
Revenues from continuing operations	513	-75	438				438	Revenues
Adjusted EBITDA from continuing operations <i>As a % of revenues</i>	18 3.6%	-	18 4.2%	-10	0	-21	-12 -2.7%	Adjusted EBITDA after lease (new definition) <i>As a % of revenues</i>
D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization	-97	16	-81	10	0	17	-55	D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization (new definition)
Adjusted EBITA from continuing operations <i>As a % of revenues</i>	-78 -15.3%	16	-63 -14.3%	0	0	-4	-67 -15.3%	Adjusted EBITA after lease (new definition) <i>As a % of revenues</i>
PPA amortization	-8	-	-8				-8	PPA amortization
Non recurring items	-16	-13	-29				-29	Non recurring items
						4	4	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
EBIT from continuing operations <i>As a % of revenues</i>	-103 -20.0%	3	-100 -22.8%	0	0	0	-100 -22.8%	EBIT <i>As a % of revenues</i>
Net financial income (loss)			-12				-12	Net financial income (loss)
Income tax			10				10	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
Profit (loss) from continuing operations			-102				-102	Profit (loss) from continuing operations
Net gain (loss) from discontinued operations			-24				-24	Net gain (loss) from discontinued operations

Net income (loss)			-126				-126	Net income (loss)
Other information								Other information
Net CapEx			-30	7			-23	Capex <sup>(4)</sup>
Change in WCR (incl. rendering)			-5	2			-3	Change in WCR (excl. rendering)

<sup>(1)</sup> Including IT capacity use for rendering in Technicolor Creative Studios

<sup>(2)</sup> Risk, litigation and warranty reserves

<sup>(3)</sup> Mainly Post Production

<sup>(4)</sup> Excluding usage-based IT cost based (without cloud rendering).

Previous label and definitions	2019A							New labels and definitions
<i>In m€, at current rate</i>	As published (TCH segment definition)	Change in scope <sup>(3)</sup>	Combined accounts (previous definitions)	Cloud rendering and other usage-based IT costs	Operating risk & litigation reserves	Operating leases (rents)	Combined accounts (new definitions)	
Revenues from continuing operations	893	-75	438				771	Revenues
Adjusted EBITDA from continuing operations <i>As a % of revenues</i>	164 18.3%	-	18 4.2%	-32	1	-25	94 12.2%	Adjusted EBITDA after lease (new definition) <i>As a % of revenues</i>
D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization	-136	16	-81	32	-1	21	-65	D&A <sup>(1)</sup> & Reserves <sup>(2)</sup> , w/o PPA amortization (new definition)
Adjusted EBITA from continuing operations <i>As a % of revenues</i>	28 3.1%	5	-63 -14.3%	0	0	-3	-29 3.7%	Adjusted EBITA after lease (new definition) <i>As a % of revenues</i>
PPA amortization	-8	0	-8				-8	PPA amortization
Non recurring items	-16	-13	-29				-13	Non recurring items
						3	3	Reclassification of interests on operating leases to net financial income (IFRS 16 reclassification)
EBIT from continuing operations <i>As a % of revenues</i>	3 0.3%	8	11 1.4%	0	0	0	11 1.4%	EBIT <i>As a % of revenues</i>
Net financial income (loss)			-30				-30	Net financial income (loss)
Income tax			-8				-8	Income tax
Share of gain (loss) from associates			0				0	Share of gain (loss) from associates
Profit (loss) from continuing operations			-27				-27	Profit (loss) from continuing operations
Net gain (loss) from discontinued operations			-11				-11	Net gain (loss) from discontinued operations

<b>Net income (loss)</b>			<b>-38</b>				<b>-38</b>	<b>Net income (loss)</b>
Other information								Other information
<b>Net CapEx</b>			<b>-57</b>	<b>2</b>			<b>-56</b>	<b>Capex<sup>(4)</sup></b>
<b>Change in WCR (incl. rendering)</b>			<b>-24</b>	<b>31</b>			<b>7</b>	<b>Change in WCR (excl. rendering)</b>

<sup>(1)</sup> Including IT capacity use for rendering in Technicolor Creative Studios

<sup>(2)</sup> Risk, litigation and warranty reserves

<sup>(3)</sup> Mainly Post Production

<sup>(4)</sup> Excluding usage-based IT cost based (without cloud rendering).

## 8.2 ANALYSIS OF RESULTS FOR THE SIX MONTHS PERIODS ENDED 30 JUNE 2022 AND 2021

### Revenue

€m	H1 2022	% YoY change	% YoY change at constant currency	H1 2021
MPC	213	131,3%	117,8%	92
The Mill	132	0,8%	-6,6%	131
Mikros Animation	56	50,7%	42,9%	38
Technicolor Games	6	19,2%	9,6%	5
Corporate & Other	1	nm	nm	1
<b>Total Group</b>	<b>409</b>	<b>53,3%</b>	<b>43,7%</b>	<b>267</b>

Technicolor Creative Studios revenues amounted to €409 million in the first half 2022, up 53.3% at current exchange rate and up 43.7% at constant rate compared to H1 2021. This improvement resulted from the significant demand for original content compared with the first half 2021 and was achieved despite the market shortage of talent and decelerating advertising spending growth in Q2 2022 due to macroeconomic conditions.

#### MPC:

In the first half of 2022, MPC revenues amounted to €213 million and grew 131.3% at current rate and 117.8% at constant rate compared to the first half of 2021. This significant revenue growth was driven by the continued ramp-up in production of major theatrical projects, as well as increasing contributions from all the major streaming platforms. H1 2021 nevertheless still suffered from pandemic-related impacts on production.

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

Theatrical Films	Episodic and/or Streaming	2021 Awards & Nominations
<p>MPC was in production on over 20 theatrical films, incl.:</p> <p>H1 deliveries:</p> <p><i>Elvis</i> (Warner Bros.)</p> <p><i>Secret Headquarters</i> (Paramount)</p> <p><i>Sonic the Hedgehog 2</i> (Paramount)</p> <p><i>The Toxic Avenger</i> (Legendary)</p> <p><i>Three Thousand Years of Longing</i> (FilmNation / MGM)</p> <p><i>Where the Crawdad Sings</i> (Sony)</p> <p>Continuing productions at end of H1:</p> <p><i>Aquaman and the Lost Kingdom</i> (Warner Bros.)</p> <p><i>Dungeons &amp; Dragons</i> (Entertainment One / Paramount)</p> <p><i>The Little Mermaid</i> (Disney)</p> <p><i>The Lion King prequel</i> (Disney)</p> <p><i>Nope</i> (Universal)</p> <p><i>Transformers: Rise of the Beasts</i> (Paramount)</p>	<p><b>MPC was in production on over 35 episodic and/or streaming projects, incl.:</b></p> <p><b>H1 deliveries:</b></p> <p><i>The Boys</i> season 3 (Amazon)</p> <p><i>Chip 'n' Dale: Rescue Rangers</i> (Disney+)</p> <p><i>Halo</i> (Amblin / Showtime / Paramount+)</p> <p><i>Ms. Marvel</i> (Marvel / Disney+)</p> <p><i>Prehistoric Planet</i> (BBC / Apple)</p> <p><i>Rise</i> (Disney+)</p> <p><i>Vikings: Valhalla</i> season 1 (MGM / Netflix)</p> <p><b>Continuing productions at end of H1:</b></p> <p><i>Disenchanted</i> (Disney+)</p> <p><i>Hocus Pocus 2</i> (Disney+)</p> <p><i>House of the Dragon</i> (HBO)</p> <p><i>Pinocchio</i> (Disney+)</p> <p><i>Spaceman</i> (Netflix)</p> <p><i>Wednesday</i> (Netflix)</p>	<p>César Award for Best Visual Effects won for <i>Annette</i></p> <p>BAFTA nomination for Special Visual Effects for Sony's <i>Ghostbusters: Afterlife</i></p> <p>Three VES Award nominations, including a win for Outstanding Animated Character in a Photoreal feature for its work on Apple TV+'s <i>Finch</i></p> <p>In July, MPC talent were recognised with an Emmy nomination for Outstanding Special Visual Effects in a Single Episode for their work on Netflix's <i>Vikings: Valhalla</i></p>

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

#### *The Mill:*

In the first half of 2021, The Mill revenues amounted to €132 million and were up 0.8% at current rate and down 6.6% at constant rate compared to the first half of 2021. This decline at constant rate was driven by lower year-on-year revenues in the second quarter, as activity was restricted by decelerating advertising spending growth in Q2 2022 compared with a high comparative base in H1 2021. The Mill activity is closely related to advertising spending, which is sensitive to the macroeconomic environment and GDP growth activity. Actions to mitigate the impact on margin have already been identified and initiated relating to costs and operational efficiencies, which main impact should occur in the second half of this year.

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

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

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

#### *Mikros Animation:*

In the first half of 2022 Mikros Animation revenues amounted to €57 million and grew by 50.7% at current rate and 42.9% at constant rate compared to the first half of 2021. This increase was mainly the result of higher volumes in feature animation projects.

In H1 2022, main projects at Mikros Animation were:

Features	Episodic
<p>Mikros Animation was in production on six feature projects, including:</p> <ul style="list-style-type: none"> <li>• <i>Ozi</i> (GCI Film)</li> <li>• <i>PAW Patrol: The Mighty Movie</i> (Spin Master Entertainment / Paramount)</li> <li>• <i>Thelma the Unicorn</i> (Netflix)</li> </ul> <p><i>The Tiger's Apprentice</i> (Paramount)</p>	<p><b>Mikros Animation was in production on several series, including:</b></p> <ul style="list-style-type: none"> <li>• <i>Charlie and the Chocolate Factory</i> (Netflix)</li> <li>• <i>The Croods: Family Tree</i> seasons 1 &amp; 2 (DreamWorks / Hulu / Peacock)</li> <li>• <i>Kamp Koral: SpongeBob's Under Years</i> (Nickelodeon / Paramount+)</li> <li>• <i>Kung Fu Panda: The Dragon Knight</i> (Dreamworks / Netflix)</li> <li>• <i>Mickey Mouse Funhouse</i> (Disney)</li> <li>• <i>Mira, Royal Detective</i> season 2 (Wild Canary / Disney)</li> <li>• <i>Rugrats</i> season 2 (Nickelodeon / Paramount+)</li> <li>• <i>Star Trek: Prodigy</i> season 1 (Nickelodeon / Paramount+)</li> </ul>

	And IP projects including: <ul style="list-style-type: none"> <li>• <i>ALVINNN!!! and the Chipmunks</i> season 5 (M6)</li> <li>• <i>The Coop Troop</i> (Sixteen South / Tencent co-production)</li> <li>• <i>Gus – The Itsy Bitsy Knight</i> season 2 (TF1)</li> </ul>
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#### *Technicolor Games:*

In the first half of 2022, Technicolor Games revenues amounted to €6 million, compared with €5 million in H1 2021 thanks to greater production capacity.

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

#### Adjusted EBITDA after lease (new definition) and Adjusted EBITA after lease (new definition)

In m€	H1 2022	H1 2021
Revenues	409	267
Adjusted EBITDA after lease (new definition)	43	22
<i>In % of revenues</i>	<i>10.5%</i>	<i>8.3%</i>
Depreciation & amortization <sup>(1)</sup>	(20)	-22
Other non cash items <sup>(2)</sup>	-	-
Adjusted EBITA after lease (new definition)	23	0
<i>In % of revenues</i>	<i>5.7%</i>	<i>0.0%</i>

(1) *Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.*

(2) *Mainly costs of equity settled share-based payments.*

**EBITDA after lease (new definition)** amounted to €43 million in H1 2022 (10.5% margin), up €21million year-on-year at current rate, and **EBITA after lease (new definition)** was €23 million, up €23 million as compared to H1 2021 at current rate. On top of the increase in revenues, margin improvement resulted from the positive impacts of multiple operational transformation programs in conjunction with permanent cost reduction measures. These measures included mutualization of resources through, for example, the production platform in India, centralized global IT infrastructure, and the consolidation of real estate and other resources in key locations. However, H1 2022 margin was partly reduced by higher costs required to complete major projects as a result of key locations, and shortage of experienced talent is causing delays and additional costs. Lower revenues at The Mill in the second quarter of 2022 also reduced profitability. At The Mill and at MPC, actions to mitigate the impact on margin have already been identified and initiated relating to costs and operational efficiencies. In addition, the Group is actively working on accelerating its recruiting and training plan. Delivering on all projects committed remains the main challenge for 2022.

In addition, while TCS staff increased from approximately 10,700 at the end of December 2021 to approximately 12,900 at the end of June 2022, the Group is actively working on accelerating its recruiting and training plan. The difficulty to deliver on all projects remains the main challenge for 2022.

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

	Six months ended June 30	
	2022	2021
<b>CONTINUING OPERATIONS</b>		
Revenue	409	267
Cost of sales	(344)	(233)
<b>Gross margin</b>	<b>65</b>	<b>34</b>
Selling and administrative expenses	(41)	(36)
Restructuring costs	(1)	(1)
Net impairment losses on non-current operating assets	(1)	(1)
Other income (expense)	(3)	(1)
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>	<b>19</b>	<b>(5)</b>
Interest income	9	5
Interest expense	(18)	(15)
Other financial income (expense)	1	(1)
<b>Net financial expense</b>	<b>(9)</b>	<b>(11)</b>
Share of gain (loss) from associates	-	-
Income tax income (expense)	(15)	(3)
<b>Loss from continuing operations</b>	<b>(5)</b>	<b>(19)</b>
<b>DISCONTINUED OPERATIONS</b>		
Net gain (loss) from discontinued operations	0	8
<b>Net loss for the year</b>	<b>(4)</b>	<b>(11)</b>
Attributable to:		
- Equity holders	(4)	(11)
- Non-controlling interest	-	-

**H1 2022 cost of sales** amounted to €(344) million or 84.1% of revenues, compared to €(233) million in H1 2021, or 87.3% of revenues. Cost of sales increased by €111 million compared with H1 2021, reflecting significant higher activity notably at MPC combined with operational efficiencies notably on organisation of staff, development of platform in India, etc. The principal components of the Group's cost of sales were labour costs, as well as costs related to real estate and fixed asset depreciation.

**Gross margin** amounted to €65 million in H1 2022, or 15.9% of revenues, compared to €34 million in H1 2021, or 12.7% of revenues. This higher gross margin mainly reflects the higher revenues notably at MPC, along with cost and operational efficiencies.

**Selling and administrative expenses** amounted to €(41) million in H1 2022, or 10.0% of revenues, compared to €(36) million in H1 2021, or 13.5% of revenues. General and administrative expenses amounted to €(31) million in H1 2022, or 7.5% of revenues compared to €(29) million in H1 2021, or 10.8% of revenues. This percentage decrease reflects the cost structure optimization done throughout the Group. For more information, please refer to Note 3.3.1 to the Group's Combined Financial Statements for the first half of 2022.



**Restructuring costs:** in H1 2022, restructuring costs were €(1) million, in line with H1 2021.

In H1 2022 the Group recorded €(1) million net impairment losses while in H1 2021 they amounted to €(1) million.

**Other income (expense)** was €(3) million in H1 2022 compared to €(1) million in H1 2021. For further information, please refer to Note 3.3.3 to the Group's Combined Financial Statements for the first half of 2022.

**Earnings before interest and tax (EBIT) from continuing operations** amounted to €19 million in H1 2022 compared to a loss of €(5) million in H1 2021. This €24 million improvement is mostly explained by gross margin increasing by €31 million, partly offset by higher €5 million selling and administrative expenses reflecting higher activity level and higher other expenses.

The Group's **net financial expenses** amounted to €(9) million in H1 2022 compared to €(11) million in H1 2021:

- Net interest expenses amounted to €(18) million in H1 2022 compared to €(15) million in H1 2021. For further information, please refer to Note 3.4 to the Group's Combined Financial Statements for the first half of 2022;
- Other financial income amounted to €1 million in H1 2022 compared to €(1) million in H1 2021.

The Group's **total income tax expense**, including both current and deferred taxes, amounted to an expense of €(15) million compared to an expense of €(3) million in H1 2021. The current income tax charge was mainly attributable to current tax due in Canada and India.

**As a result of the above, loss from continuing operations** amounted to €(5) million in H1 2022 compared to a loss of €(19) million in H1 2021.

**Net gain (loss) from discontinuing operations** amounted to €(0) million in H1 2022 compared to a gain of €8 million in H1 2021. In H1 2021, discontinued activities related to post-production activities sold to Streamland Media in April 2021.

**Net loss totaled €(4) million in H1 2022** compared to a loss of €(11) million in H1 2021. There was no net income attributable to non-controlling interests in H1 2022 as in H1 2021. Accordingly, the net loss attributable to the shareholders of the Group amounted to €(4) million in H1 2022 compared to €(11) million in H1 2021.

### 8.3 ANALYSIS OF RESULTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020

#### Revenue

€m	2021	% YoY change	% YoY change at constant currency	2020
MPC	242	82.5%	77.7%	133
The Mill	265	13.5%	15.4%	234
Mikros Animation	82	36.2%	37.5%	60
Technicolor Games	10	21.6%	25.9%	9
Corporate & Other	1	n.a.	n.a.	2
<b>Total Group</b>	<b>601</b>	<b>37.3%</b>	<b>37.1%</b>	<b>438</b>

The Group's revenues amounted to €601 million in the financial year 2021, up 37.3% at current rate and up 37.1% at constant rate year-on-year. This improvement, notably in the second half, resulted from a massive demand for original content for all business lines compared with 2020 which suffered from substantially greater pandemic-related impacts on production in Hollywood and around the world.

The shortage of talent which impacted the entire industry was partly mitigated by significant retention and hiring action plans implemented during the year, with intense activity in the fourth quarter. During the year, the staff of the Group increased from approximately 7,350 at the end of December 2020 to approximately 10,700 at the end of December 2021.

### MPC:

Revenues grew 82.5% at current rate and 77.7% at constant rate year-on-year. This significant increase mainly results from the continued ramp-up in productions of major theatrical projects as well as increasing contributions from all the major streaming platforms.

In January 2022, Technicolor Creative Studios announced the consolidation of its Film & Episodic VFX brands (MPC Film, MPC Episodic and Mr. X) under the MPC brand, and the appointment of MPC Episodic Managing Director Tom Williams as the President of the consolidated MPC business.

Theatrical Films	Episodic and/or Streaming	2021 Awards & Nominations
<p><b>In 2021, over 30 theatrical films, incl.:</b></p> <p><u>2021 releases:</u></p> <p><i><b>Cruella</b></i> (Disney)</p> <p><i>Ghostbusters: Afterlife</i> (Sony)</p> <p><i>Godzilla vs. Kong</i> (Legendary / Warner Bros.)</p> <p><i>House of Gucci</i> (MGM)</p> <p><i>The Last Duel</i> (20<sup>th</sup> Century)</p> <p><i>Mortal Kombat</i> (Warner Bros.)</p> <p><i>Nightmare Alley</i> (Searchlight)</p> <p><i>Snake Eyes</i> (Paramount)</p> <p><i>Spider-Man: No Way Home</i> (Marvel / Sony)</p> <p><i>Resident Evil: Welcome to Raccoon City</i> (Constantin Film / Sony)</p> <p><i>West Side Story</i> (Amblin / 20<sup>th</sup> Century)</p> <p><u>2022 and beyond releases:</u></p> <p><i>Aquaman and the Lost Kingdom</i> (Warner Bros.)</p> <p><i>Dungeons &amp; Dragons</i> (Entertainment One / Paramount)</p> <p><i>The Little Mermaid</i> (Disney)</p> <p><i>The Lion King prequel</i> (Disney)</p> <p><i>Sonic the Hedgehog 2</i> (Paramount)</p> <p><i>Top Gun: Maverick</i> (Paramount)</p> <p><i>Transformers: Rise of the Beasts</i> (Paramount)</p>	<p><b>Over 60 Episodic and/or Streaming projects in 2021, incl.:</b></p> <p><i>American Gods</i> season 3 (Fremantle / Starz)</p> <p><i>Chip 'n' Dale: Rescue Rangers</i> (Disney+)</p> <p><i>Cowboy Bebop</i> (Netflix)</p> <p><i>Foundation</i> (Skydance / Apple TV+)</p> <p><i>Hawkeye</i> (Marvel / Disney+)</p> <p><i>House of the Dragon</i> (HBO)</p> <p><i>La Brea</i> (NBCUniversal)</p> <p><i>Lost in Space</i> season 3 (Netflix)</p> <p><i>The Nevers</i> (HBO)</p> <p><i>Pennyworth</i> season 2 (Epix)</p> <p><i>Star Trek: Discovery</i> season 4 (Paramount+)</p> <p><i>Vikings: Valhalla</i> (MGM / Netflix)</p> <p><i>WandaVision</i> (Marvel / Disney+)</p> <p><i>The Wheel of Time</i> (Amazon / Sony)</p> <p><i>The Witcher</i> season 2 (Netflix)</p>	<p>Oscar® nominations for VFX on Paramount's <i>Love and Monsters</i> and Disney's <i>The One and Only Ivan</i></p> <p>BAFTA nomination for Disney's <i>The One and Only Ivan</i></p> <p>5 VES nominations, including a win for Outstanding Animated Character in a Photoreal Feature for its work on Disney's <i>The One and Only Ivan</i></p> <p>HPA Award nomination for Outstanding Visual Effects - Theatrical Feature for its work on Legendary's <i>Godzilla vs. Kong</i></p> <p>Emmy nomination for Outstanding Special Visual Effects in a Single Episode for its work on <i>Vikings</i> "The Signal"</p>

### The Mill:

In 2021, Revenues grew 13.5% at current rate and 15.4% at constant rate year-on-year. All key markets contributed to the growth, driven by a faster recovery in advertising spend from Covid-19 than anticipated.

In 2021, the Mill contributed to over 3,000 projects for brand experiences & advertising, including approximately 20 Super Bowl LV spots.

2021 was another year of industry accolades, including:

- Three VES Awards, including Outstanding Visual Effects in a Commercial for Walmart 'Famous

Visitors;'

- Six British Arrows, including Gold Arrows in VR/360/AR for Tate Modern '*Untold Stories*', in CGI for Hennessy X.O '*The Seven Worlds*', and in Colour for BMW X7 '*Legend*';
- MPC Advertising recognised as Ad Age's VFX Company of the Year for the second year running;
- Three Cannes Lions for contributions to Burberry '*Festive*' and PlayStation '*Feel the Power of Pro*';
- Two Adweek Experiential Awards by The Mill for Best Use of Video in an Experiential Activation for Respawn Entertainment's '*Apex Legends at the Game Awards*' and Best Use of Virtual Event Technology for HBO's '*HBO: Lovecraft Country Sanctum*';
- Seven Creative Circle Awards, including The Mill winning Gold for Most Creative Post Production Company;
- Four Kinsale Shark Awards, including Gold for Best CGI/Visual Effects for its contribution to Burberry '*Festive*'; and
- The Mill being ranked the #1 Post House in *Televisual*'s Commercial Producers Poll!

Notable projects in 2021 include LEGO's latest global '*Rebuild the World*' campaign, Nike's latest '*Play New*' campaign featuring Megan The Stallion, *Pentakill: Lost Chapter: An Interactive Album Experience* - a metaverse concert for Riot Games, BMW '*The Ultimate Self-Driving Machine*', Dell '*Youiverse*', Ford '*Ford F-150 Lightning*', Samsung '*Chromebook*', Verizon '*The Reset*', Amazon Prime's '*An Unlikely Friendship*', Burberry '*Open Spaces*', and M&S '*Percy's First Christmas*'.

In January 2022, the Group announced the consolidation of its Advertising studios (The Mill and MPC Advertising) under The Mill, with Josh Mandel, previously CEO of The Mill, appointed President of the consolidated business.

*Mikros Animation:*

In 2021, Mikros Animation revenues grew 36.2% at current rate and 37.5% at constant rate year-on year thanks to higher volumes.

Features	Episodic
<p><b>In 2021, Mikros Animation was in production on:</b></p> <ul style="list-style-type: none"> <li>• <i>PAW Patrol: The Movie</i> (Spin Master Entertainment / Paramount) released in August 2021</li> <li>• <i>Thelma the Unicorn</i> (Netflix)</li> <li>• <i>The Tiger's Apprentice</i> (Paramount)</li> <li>• <i>Ozi</i> (GCI Film)</li> <li>• Beginning to ramp-up production on 3 additional feature films.</li> </ul>	<p><b>Mikros Animation was in production on several series and specials, including:</b></p> <ul style="list-style-type: none"> <li>• <i>The Chicken Squad</i> (Wild Canary / Disney)</li> <li>• <i>The Croods: Family Tree</i> (DreamWorks / Hulu / Peacock)</li> <li>• <i>Fast &amp; Furious: Spy Racers</i> season 5 (DreamWorks)</li> <li>• <i>Kamp Koral: SpongeBob's Under Years</i> (Nickelodeon/Paramount+)</li> <li>• <i>Mickey and Minnie Wish Upon a Christmas</i> (Disney)</li> <li>• <i>Mickey Mouse Funhouse</i> (Disney)</li> <li>• <i>Mickey's Tale of Two Witches</i> (Disney)</li> <li>• <i>Minnie's Bow-Toons</i> season 1 (Disney)</li> <li>• <i>Mira, Royal Detective</i> season 2 (Wild Canary / Disney)</li> <li>• <i>Rugrats</i> season 1 (Nickelodeon / Paramount+)</li> <li>• <i>Star Trek: Prodigy</i> season 1 (Nickelodeon / Paramount+)</li> <li>• And IP projects including: <ul style="list-style-type: none"> <li>• <i>ALVINNN!!! and the Chipmunks</i> season 5 (M6)</li> <li>• <i>The Coop Troop</i> (Sixteen South /</li> </ul> </li> </ul>

	Tencent co-production) <ul style="list-style-type: none"> <li>• <i>Gus – the Itsy Bitsy Knight</i> (TF1)</li> </ul>
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In 2021, the Group announced the consolidation of its Animation businesses (Mikros Animation, Technicolor Animation, and Technicolor Animation Productions) under the Mikros Animation banner, with Andrea Miloro appointed as its President.

#### *Technicolor Games:*

In 2021, Technicolor Games revenues grew 21.6% at current rate and 25.9% at constant rate year-on year thanks to higher volumes.

Technicolor Games contributed to AAA 2021 releases like *FIFA 22* (EA), *Mass Effect Legendary Edition* (EA / BioWare), *NBA 2K22* (2K), and *NHL 22* (EA).

In 2021, Technicolor Games was carved-out of the previous Animation & Games perimeter in order for the Group to establish a dedicated business line for the games industry. In October 2021, Jeaneane Falkler subsequently joined the Group as President of Technicolor Games.

#### Adjusted EBITDA after lease (new definition) and Adjusted EBITA after lease (new definition)

In m€	2021	2020
Revenues	601	438
Adjusted EBITDA after lease (new definition)	75	(12)
<i>In % of revenues</i>	12.5%	-2.7%
Depreciation & amortization <sup>(1)</sup>	(43)	(55)
Other non cash items <sup>(2)</sup>	(1)	-
Adjusted EBITA after lease (new definition)	31	(67)
<i>In % of revenues</i>	5.2%	-15.3%

<sup>(1)</sup> Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.

<sup>(2)</sup> Mainly costs of equity settled share-based payments.

**Adjusted EBITDA after lease (new definition)** amounted to €75 million in 2021 (12.5% margin), up €87 million year-on-year at current rate, and **Adjusted EBITA after lease (new definition)** was €31 million, up €98 million as compared to 2020 at current rate. On top of the increase in revenues, significant margin improvement resulted from the positive impacts of multiple operational transformation programs in conjunction with permanent cost reduction measures such as mutualization of resources such as through the production platform in India or IT capacities, concentration of resources on largest facilities in Canada and US, etc.

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

	Year ended December 31,		
	2021	2020	2019
<b>CONTINUING OPERATIONS</b>			
Revenue	601	438	771
Cost of sales	(495)	(430)	(659)
<b>Gross margin</b>	<b>106</b>	<b>8</b>	<b>112</b>

Selling and administrative expenses	(78)	(79)	(88)
Restructuring costs	(5)	(24)	(11)
Net impairment losses on non-current operating assets	(4)	(3)	(2)
Other income (expense)	0	(2)	0
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>	<b>20</b>	<b>(100)</b>	<b>11</b>
Interest income	10	5	4
Interest expense	(31)	(19)	(31)
Other financial income (expense)	-	2	(3)
<b>Net financial expense</b>	<b>(21)</b>	<b>(12)</b>	<b>(30)</b>
Share of gain (loss) from associates	-	0	0
Income tax income (expense)	(18)	10	(8)
<b>Loss from continuing operations</b>	<b>(19)</b>	<b>(102)</b>	<b>(27)</b>
<b>DISCONTINUED OPERATIONS</b>			
Net gain (loss) from discontinued operations	5	(24)	(11)
<b>Net loss for the year</b>	<b>(14)</b>	<b>(126)</b>	<b>(38)</b>
Attributable to:			
- Equity holders	(14)	(126)	(38)
- Non-controlling interest	-	-	-

**Cost of sales** amounted to €495 million in 2021 or 82.4% of revenues, compared to €430 million in 2020, or 98.2% of revenues. Cost of sales increased by €65 million compared with 2020, reflecting significant higher revenues for all segments. Cost of sales in percentage of revenue has decreased due to a better absorption of semi-fixed costs and to efficient cost management and operational efficiencies notably on organisation of staff, development of platform in India, etc. The principal components of the Group's cost of sales were labour costs, as well as costs related to real estate and fixed asset depreciation.

**Gross margin** amounted to €106 million in 2021, or 17.6% of revenues, compared to €8 million in 2020, or 1.8% of revenues. This higher gross margin mainly reflects the higher sales impact of all activities and more notably MPC, along with cost and operational efficiencies, enabling to exceed the gross margin of 2019 of 14.5% of revenues.

**Selling and administrative expenses** amounted to €78 million in 2021, or 13.0% of revenues, compared to €79 million in 2020, or 18.0% of revenues. General and administrative expenses amounted to €63 million in 2021, or 10.5% of revenues compared to €64 million in 2020, or 14.6% of revenues. This percentage decrease reflects the cost structure optimization done throughout the Group. For more information, please refer to Note 3.3.1 to the Annual Combined Financial Statements.

**Restructuring costs:** in 2021, the Group continued its efforts to reduce costs through streamlining operations, which incurred €5 million in restructuring costs, significantly lower than in 2020, which amounted to €24 million.

In 2021, the Group recorded **net impairment losses** of €4 million mostly related to the impairment of Mr. X following integration of all VFX brands under MPC, compared to a net impairment loss of €3 million in 2020, mainly relating to impairment losses on right-of-use assets. For more information, please refer to Notes 4.5 to the Annual Combined Financial Statements.

**Other income (expense)** was nil in 2021, compared to an expense of €2 million in 2020. For further information, please refer to Note 3.3 to the Annual Combined Financial Statements.

**Earnings before interest and tax (EBIT) from continuing operations** amounted to €21 million in 2021, or 3.5% of revenues, compared to a loss of €100 million in 2020 mostly explained by gross margin increasing by €99 million and restructuring costs lower by €19 million.

The Group's **net financial expenses** amounted to €21 million in 2021 compared to €12 million in 2020:

- Net interest expenses amounted to €21 million in 2021 compared to €14 million in 2020, resulting from the increased net debt position towards Technicolor SA Group of Group entities and the full year impact of the debt restructuring plan completed mid-2020 reflected in Technicolor SA Group interest rates applied on current accounts. Interest expense on lease debt amounted to €9 million in both 2021 and 2020. For further information, please refer to Note 3.4 to the Annual Combined Financial Statements;
- Other financial income amounted to nil in 2021 compared to €2 million in 2020.

For further information, please refer to Note 3.4 to the Annual Combined Financial Statements.

The Group's **total income tax expense**, including both current and deferred taxes, amounted to an expense of €18 million compared to a benefit of €10 million in 2020. The current income tax charge in 2021 was mainly attributable to current tax due in Canada and India. Net deferred tax was an expense of €(6) million in 2021 compared to a benefit of €15 million in 2020.

**As a result of the above, loss from continuing operations** amounted to €19 million in 2021 compared to a loss of €102 million in 2020.

**Net gain (loss) from discontinuing operations** amounted to a gain of €5 million in 2021 compared to a loss of €24 million in 2020. Discontinued activities relate to post-production activities sold to Streamland Media in April 2021.

**Net loss** totaled €14 million in 2021 compared to a net loss of €126 million in 2020. There was no net income attributable to non-controlling interests in 2021 as in 2020. Accordingly, the net loss attributable to the shareholders of the Group amounted to €13 million in 2021 compared to a net loss of €126 million in 2020.

#### 8.4 ANALYSIS OF RESULTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 31 DECEMBER 2019

##### Revenues

€m	2020	% YoY change	% YoY change at constant currency	2019
MPC	133	-69.5%	-68.8%	435
The Mill	234	-13.1%	-11.6%	269
Mikros Animation	60	3.4%	5.3%	58
Technicolor Games	9	-2.3%	0.0%	9
Corporate & Other	2	n.a.	n.a.	1
<b>Total Group</b>	<b>438</b>	<b>-43.3%</b>	<b>-42.2%</b>	<b>771</b>

The Group's revenues amounted to €438 million in 2020, down 43.3% at constant rate and 42.2% at current rate year-on-year, driven mainly by pandemic-related impacts on production around the world. The revenue decline was partially mitigated by revenue growth at Mikros Animation and by the launch of MPC Episodic in early 2020.

##### *MPC*

Revenues amounted to €133 million in 2020, representing a decline of 69.5% at current exchange rate, or 68.8% at constant exchange rate, compared to 2019. This significant decline was mainly due to the impact of the pandemic on live action film shoots and shifting release dates.

VFX teams worked on approximately 25 theatrical films from the major studios, including 2020 releases like *The Call of the Wild* (Fox), *The New Mutants* (Fox), and *Monster Hunter* (Constantin Film/Sony); and highly

anticipated 2021 releases like *Cruella* (Disney), *Ghostbusters: Afterlife* (Sony), *Godzilla vs. Kong* (Legendary/Warner Bros.), *Snake Eyes* (Paramount), and *West Side Story* (Amblin/Fox). And over 40 Episodic and/or Non-Theatrical (i.e., Streaming/OTT) projects, including *The Alienist: Angel of Darkness* (Paramount/TNT), *Da 5 Bloods* (Netflix), *The Old Guard* (Netflix), *Raised by Wolves* (Scott Free Productions/HBO Max), and *WandaVision* (Marvel/Disney+). During the year, MPC Film won the Oscar® and BAFTA awards for visual effects for its work on *Sam Mendes' 1917* (Universal); and Mr. X won an Emmy Award for Outstanding Special Visual Effects in a Supporting Role for its work on *Vikings* (MGM/History).

#### *The Mill*

Revenues amounted to € 234 million in 2020, representing a decline of 13.1% at current exchange rate, or 11.6% at constant exchange rate, compared to 2019. This decline was due to the impact of Covid-19 on client spend and live action production shoots, particularly during the second quarter.

Technicolor's Advertising businesses continued to receive numerous industry accolades in 2020 – MPC Advertising won VFX Company of the Year at the Ad Age Creativity Awards and two VES (Visual Effects Society) Awards for *Hennessy The Seven Worlds*, while The Mill was awarded Creative Production Agency of the Year by More About Advertising. Other notable projects during the year include the Dua Lipa Hallucinate music video, Jeep *Groundhog Day*, Walmart Famous *Visitors*, Burberry *Festive*, Chanel N°5. Être Ce Qui Va Arriver, PlayStation *The Last of Us Part II*, Lexus International Electrified, EA Sports *FIFA 21* reveal trailer, Epic Games Unreal For All Creators, and HBO *Lovecraft Country: Sanctum* – a three-part social VR experience for the highly acclaimed series. At Super Bowl LV, The Mill and MPC worked on over 20 commercials, including those for Bud Light, Doritos, Michelob, Paramount, Robinhood, Squarespace, Tide, and Uber Eats.

#### *Mikros Animation*

Mikros Animation revenues were slightly higher versus prior year at €60 million compared to €58 million in 2019 as it delivered Paramount's *The SpongeBob Movie: Sponge on the Run* in 2020. In episodic animation, Technicolor continues to work on multiple projects for clients including Disney, DreamWorks Animation, France Télévisions, M6, Nickelodeon, TF1, and Wild Canary.

#### *Technicolor Games*

Technicolor Games revenues amounted to €9 million in 2020, stable compared with previous year. Technicolor Games during the year completed its work on several AAA titles like *FIFA 21* (EA), *NHL 21* (EA), *Assassin's Creed Valhalla* (Ubisoft), *Destiny 2* (Bungie), *NBA 2K21* (2K), *Call of Duty: Black Ops Cold War* (Activision), and *Immortals Fenyx Rising* (Ubisoft).

#### Adjusted EBITDA after lease (new definition) and Adjusted EBITA after lease (new definition)

<i>In m€</i>	2020	2019
Revenues	438	771
Adjusted EBITDA after lease (new definition)	(12)	94
<i>In % of revenues</i>	-2.7%	12.2%
Depreciation & amortization <sup>(1)</sup>	(55)	(64)
Other non cash items <sup>(2)</sup>	-	1
Adjusted EBITA after lease (new definition)	(67)	29
<i>In % of revenues</i>	-15.3%	3.7%

<sup>(1)</sup> Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.

<sup>(2)</sup> Mainly costs of equity settled share-based payments.

**Adjusted EBITDA after lease (new definition)** amounted to €(12) million in 2020 (-2.7% margin), down €106 million year-on-year at current rate and **adjusted EBITA after lease (new definition)** was €(67) million, down €96 million at current exchange rate compared to 2019. Costs were aggressively reduced to offset the €(333)

million at current rate revenue decline in a high margin segment, principally enabled by lower labour costs and cloud rendering and by efficiency and transformation measures taken.

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

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

**Cost of sales** amounted to €430 million in 2020 or 98.2% of revenues, compared to €659 million in 2019, or 85.5% of revenues. Cost of sales decreased by €229 million compared with 2019, reflecting the impact of lower sales driven by Covid-19 pandemic impacts and cost structure improvement. The principal components of the Group's cost of sales were labour costs in the Group's operations, as well as costs related to real estate and fixed asset depreciation. Gross margin amounted to €8 million in 2020, or 1.8% of revenues, compared to €112 million in 2019, or 14.5% of revenues, mainly reflecting the lower sales impact.

**Selling and administrative expenses** amounted to €79 million in 2020, or 18.0% of revenues, compared to €88 million in 2019, or 11.4% of revenues. General and administrative expenses amounted to €64 million in 2020, or 14.6% of revenues compared to €69 million in 2019, or 8.9% of revenues. This decrease in absolute value reflects higher sales impact and the cost structure optimization executed across the Group to mitigate Covid-19 lower revenue impact, although the increase as a percentage of revenue was impacted by the revenue decline. For more information, please refer to Note 3.3.1 to the Annual Combined Financial Statements.



**Restructuring costs** were €24 million in 2020, compared to €11 million in 2019, and reflected cost streamlining actions.

In 2020, the Group recorded a **net impairment charge** of €3 million, compared to a net impairment charge of €2 million in 2019; please refer to Note 4.5 to the Annual Combined Financial Statements.

**Other income (expense)** was a loss of €2 million in 2020 and were nil in 2019.

**Earnings before Interest & Tax (EBIT)** was a loss of €100 million in 2020 compared to a gain of €11 million in 2019. This decline was mostly explained by the gross margin reduction of €104 million and higher restructuring costs (€13 million), partially offset by lower selling and administrative expenses by €9 million.

**Net financial expense** amounted to €12 million in 2020 compared to €30 million in 2019, due to major legal reorganisations within Technicolor SA Group resulting in significant reduction of the net debt position of the Group entities.

**Group income tax**, including both current and deferred taxes, amounted to a benefit of €10 million in 2020 compared to an expense of €8 million in 2019. The current income tax charge was mainly attributable to Canadian operations. Net deferred tax was an income of €15 million in 2020 compared to a loss of €6 million in 2019.

**Loss from continuing operations** amounted to €102 million in 2020 compared to a loss of €27 million in 2019.

**The net loss from discontinued operations** amounted to €24 million in 2020 compared to net loss of €11 million in 2019. Discontinued activities relate to post-production activities sold to Streamland Media in April 2021.

**Net loss** for the year totaled €126 million in 2020 compared to a net loss of €38 million in 2019. There was no net income attributable to non-controlling interests in 2020 as in 2019. Accordingly, the net loss attributable to the equity holders amounted to €126 million in 2020 compared to a net loss of €38 million in 2019.

## **9. THE GROUP'S LIQUIDITY AND CAPITAL RESOURCES**

### **9.1 OVERVIEW**

This section should be read in conjunction with Chapter 3: “*Risks Factors*” of this Prospectus.

### **9.2 KEY LIQUIDITY RESOURCES**

To meet its cash requirements, the Group's main sources of liquidity consist of the following. Please refer to Note 9.1 to the Interim Combined Financial Statements and Note 9.1. to the Annual Combined Financial Statements for a detailed analysis.

#### **9.2.1 Cash and cash equivalents and cash deposits**

The amount of cash and cash equivalents was €11 million as of 30 June 2022 and €12 million at 31 December 2021. In addition, other financial current assets of €154 million as of 30 June 2022 and €181 million at the end of December 2021 principally corresponds to excess cash deposited with parent company Technicolor SA.

#### **9.2.2 Cash generated from operating activities**

Net operating cash generated from continuing activities amounted to €(2) million as of 30 June 2022 and €106 million in 2021, whereas €(12) million was used in 2020 and €87 million generated in 2019.

#### **9.2.3 Working capital requirements**

Change in working capital and other assets and liabilities corresponded to a €(25) million cash usage as of 30 June 2022, a €29 million resource in 2021, a €(3) million cash usage in 2020 and a €7 million resource in 2019.

The working capital requirements of the Group are based in particular on the level of receivables, accrued income, deferred income and payables. For long term projects with clients, depending on project advancement stage, working capital requirement of the project can be a financial resource in case of advances received or a liability before a milestone payment is reached.

### **9.3 PRINCIPAL CASH REQUIREMENTS AND LIABILITIES**

The main cash requirements of the Group arise from the following. Please refer to Note 6.4 to the Interim Combined Financial Statements and Note 9.2. to the Annual Combined Financial Statements for a detailed analysis.

#### **9.3.1 Investments**

The Group must regularly invest in IT equipment to operate its businesses.

#### **9.3.2 Financial liabilities**

Financial liabilities of the Group mainly consist of short-term borrowings from Technicolor SA amounting to €207 million as of 30 June 2022 and €216 million at the end of December 2021.

No portion of Technicolor SA's debt, cash, or cash equivalents have been attributed to the Annual Combined Financial Statements where they were not historically owned by a legal entity that will be part of the Group. Please refer to Section 9.2. “*Key liquidity resources*” of this Prospectus for more details about financial liabilities.

#### **9.3.3 Lease liabilities**

Lease liabilities comprise operating leases and capital leases for buildings and equipment used in operations. Lease debt amounted to €158 million as of 30 June 2022 and €134 million at the end of December 2021.

Please refer to Note 6.4 to the Interim Combined Financial Statements and 9.2. to the Annual Combined Financial Statements for more details about lease liabilities.

## 9.4 ANALYSIS OF COMBINED CASH FLOWS

### 9.4.1 Combined cash flows for the six-month periods ended 30 June 2022 and 2021

The table below sets out the Group's cash flows in the periods indicated.

<i>(in € million)</i>	Six-month period ended 30 June	
	2022	2021
Net operating cash generated from/(used in) continuing activities (I) .....	(2)	35
Net investing cash generated from/(used in) continuing activities (II) .....	(25)	(13)
Net financing cash generated from/(used in) continuing activities (III).....	26	(59)
Net cash generated from/(used in) discontinued activities (IV) .....	0	20
<b>Net increase (decrease) in cash and cash equivalents (I+II+III+IV).....</b>	<b>(1)</b>	<b>(18)</b>
Exchange gains / (losses) on cash and cash equivalents .....	(1)	1
<b>Net change in cash and cash equivalents.....</b>	<b>(2)</b>	<b>(17)</b>

#### 9.4.1.1 Net operating cash generated from/(used in) continuing activities

Net operating cash generated from continuing activities amounted to €(2) million in H1 2022 compared to €35 million in H1 2021. This mainly results from Cash generated from continuing activities and Income tax paid.

Cash generated from continuing activities amounted to €28 million in H1 2022 and €44 million in H1 2021. This mainly results from Loss from continuing operations restated for noncash impact of Depreciation, amortisation and impairment of assets and change in working capital and other assets and liabilities.

The variations between H1 2022 and H1 2021 are analysed in the table below:

<i>(in € million)</i>	H1 2022	H1 2021
<b>Profit (Loss) from continuing operations.....</b>	<b>(5)</b>	<b>(19)</b>
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations:		
Depreciation, amortisation and impairments of assets .....	39	38
Net change in provisions.....	(5)	0
Interest (income) and expense.....	10	10
Other items (including tax) .....	14	2
Changes in working capital and other assets and liabilities .....	(25)	14
<b>Cash generated from continuing activities.....</b>	<b>28</b>	<b>44</b>
Interest paid on lease debt .....	(6)	(4)
Net interest (paid) and received, excluding lease debt.....	(3)	(6)
Income tax paid.....	(20)	1
<b>Net operating cash generated from/(used in) continuing activities.....</b>	<b>(2)</b>	<b>35</b>

#### 9.4.1.2 Net investing cash used in continuing activities

Net investing cash used in continuing activities amounted to €(25) million in H1 2022 compared to €(13) million in H1 2021.

Overall increase in H1 2022 is explained by higher level of capital expenditures (impacting Purchase of property, plant and equipment and intangible assets, including capitalization of development costs) due to higher level of activity in H1 2022 notably driven by higher headcounts.

The variations between H1 2021 and H1 2022 are analysed in the table below:

<i>(in € million)</i>	<b>H1 2022</b>	<b>H1 2021</b>
Net proceeds from sale and acquisition of investments .....	-	-
Purchase of property, plant and equipment and intangible assets, including capitalization of development costs .....	(25)	(11)
Disposals of property, plant and equipment and intangible assets .....	0	2
Net cash collateral and security deposits (granted to) / reimbursed by third parties	1	(3)
<b>Net investing cash used in continuing activities.....</b>	<b>(25)</b>	<b>(13)</b>

#### 9.4.1.3 Net financing cash generated from/(used in) continuing activities

Net financing cash amounted to €26 million used in H1 2022, compared to €(59) million generated in H1 2021.

Net contributions from / (distributions to) Technicolor SA and Net cash pooling variance correspond to current accounts with parent company Technicolor SA. Repayment of lease debt and borrowings mainly correspond to operating lease and capital lease repayments.

The variations between H1 2021 and H1 2022 are analysed in the table below:

<i>(in € million)</i>	<b>H1 2022</b>	<b>H1 2021</b>
Net contribution from / (distributions to) Technicolor SA.....	19	(12)
Net cash pooling variance .....	24	(31)
Repayment of lease debt .....	(18)	(17)
Repayment of borrowings and other .....	(0)	(0)
<b>Net cash generated from /(used in) financing activities .....</b>	<b>26</b>	<b>(59)</b>

#### 9.4.1.4 Net cash generated from/(used in) discontinued activities

Net cash from discontinued operations was nil in H1 2022 compared to €20 million of cash used in H1 2021 (sale of Post Production).

#### 9.4.1.5 Adjusted Free Cash Flow after lease (new definition)

Adjusted Free Cash Flow after lease (new definition) is not an indicator defined by IFRS. It does not have an accounting definition and so the definition used by the Group may not correspond to other companies' definitions of this indicator. For a definition of this KPI, please refer to Section 8.1.5 "Key performance indicators" of this Prospectus.

Adjusted Operating Free Cash Flow after lease (new definition) is defined as Adjusted EBITDA after lease (new definition) minus

- Capital expenditures, excluding usage-based IT cost (without cloud rendering);
- Capital leases cash out;
- Restructuring cash out;
- Change in working capital, excluding cloud rendering cash out;
- Other non current cash out.

Adjusted Free Cash Flow after lease (new definition) corresponds to Adjusted Operating Free Cash Flow after lease (new definition) minus Net interest paid excluding leases and other cash financial items and Income tax cash out.

The table below shows the Group's Adjusted Free Cash Flow after lease (new definition) for the periods stated:

<i>(in € millions)</i>	<b>H1 2022</b>	<b>H1 2021</b>
------------------------	----------------	----------------

<b>Adjusted EBITDA after lease (new definition).....</b>	<b>43</b>	<b>22</b>
Net capital expenditure <sup>(1)</sup> .....	(17)	(5)
Capital lease cash out .....	(7)	(8)
Restructuring provisions – cash usage of the period .....	(4)	(4)
Changes in working capital and other assets and liabilities .....	(30)	14
Other non-current result – cash usage of the period <sup>(2)</sup> .....	(4)	3
<b>Adjusted Operating Free Cash Flow after lease (new definition) .....</b>	<b>(20)</b>	<b>23</b>
Net interest paid excluding leases and other cash financial items.....	(3)	(6)
Income tax cash out .....	(20)	1
<b>Adjusted Free Cash Flow after lease (new definition) .....</b>	<b>(43)</b>	<b>18</b>

(1) This item is defined as purchases of property, plant and equipment, intangible assets net of disposals.

(2) This item includes pension cash usage of the period and cash impact of operating reserves.

Adjusted Free Cash Flow after lease (new definition) amounted to €(43) million in H1 2022 and €+18 million in H1 2021, resulting from:

- Adjusted EBITDA after lease (new definition) from continuing activities amounting to €43 million in H1 2022, and €22 million in H1 2021;
- Net capital expenditures (excluding usage-based IT costs without cloud rendering) amounting to €(17) million in H1 2022 vs. €(5) million in H1 2021; and Capital lease cash out (including interest) amounting to €(7) million in H1 2022 vs. €(8) million in H1 2021. Higher level in H1 2022 is explained by higher activity including headcount increase compared with 2021;
- Restructuring provisions cash usage at €(4) million in H1 2022 and same level €(4) million in H1 2021;
- Changes in working capital and other assets and liabilities (excluding cloud rendering) at €(30) million in H1 2022 and €14 million in H1 2021. The positive H1 2022 variation was driven by significant down payments collected as MPC new projects were in starting phase, whereas cash collection was lower in H1 2022 as significant milestone payments collection are expected later in 2022;
- Other non-current result (including pension cash usage of the period and cash impact of operating reserves) at €(4) million in H1 2022 and €3 million in H1 2021;
- Net interest paid excluding leases and other cash financial items at €(3) million in H1 2022 and €(6) million in H1 2021;
- Income tax cash out amounting to €(20) million in H1 2022 and €1 million in H1 2021. The current income tax charge was mainly attributable to current tax due in Canada and India.

#### 9.4.2 Combined cash flows for the financial years ended 31 December 2021, 2020 and 2019

The table below sets out the Group's cash flows in the periods indicated.

(in € million)	Year ended 31 December		
	2021	2020	2019
Net operating cash generated from/(used in) continuing activities (I) .....	110	(12)	87
Net investing cash generated from/(used in) continuing activities (II) .....	(26)	(42)	(57)
Net financing cash generated from/(used in) continuing activities (III).....	(118)	85	(39)
Net cash generated from/(used in) discontinued activities (IV) .....	17	(8)	(6)
<b>Net increase (decrease) in cash and cash equivalents (I+II+III+IV).....</b>	<b>(16)</b>	<b>22</b>	<b>(16)</b>
Exchange gains / (losses) on cash and cash equivalents .....	(0)	(3)	2
<b>Net change in cash and cash equivalents.....</b>	<b>(16)</b>	<b>19</b>	<b>(14)</b>

##### 9.4.2.1 Net operating cash generated from/(used in) continuing activities

Net operating cash generated from continuing activities amounted to €110 million in 2021 compared to €(12) million in 2020 and €87 million in 2019. This mainly results from Cash generated from continuing activities. Cash generated from continuing activities amounted to €131 million in 2021, €1 million in 2020 and €119 million in

2019. This mainly results from Loss from continuing operations restated for noncash impact of Depreciation, amortisation and impairment of assets.

The variations between 2019, 2020 and 2021 are analysed in the table below:

	Year ended 31 December		
(in € million)	2021	2020	2019
<b>Profit (Loss) from continuing operations .....</b>	<b>(19)</b>	<b>(102)</b>	<b>(27)</b>
Summary adjustments to reconcile profit from continuing operations to cash generated from continuing operations:			
Depreciation, amortisation and impairments of assets .....	82	99	98
Net change in provisions .....	(3)	3	2
Loss on asset disposals .....	(3)	1	0
Interest (income) and expense .....	21	14	28
Other items (including tax) .....	23	(12)	12
Changes in working capital and other assets and liabilities .....	30	(3)	7
<b>Cash generated from continuing activities .....</b>	<b>131</b>	<b>1</b>	<b>119</b>
Interest paid on lease debt	(9)	(9)	(12)
Net interest (paid) and received, excluding lease debt .....	(11)	(5)	(16)
Income tax paid .....	(1)	0	(5)
<b>Net operating cash generated from/(used in) continuing activities .....</b>	<b>110</b>	<b>(12)</b>	<b>87</b>

#### 9.4.2.2 Net investing cash used in continuing activities

Net investing cash used in continuing activities amounted to €(26) million in 2021 compared to €(42) million in 2020 and €(57) million in 2019.

Overall decrease of capital expenditure from 2019 to 2020 and 2021 is explained by slowed down activity due to the pandemic and cash constraints resulting in the safeguard plan (including financial restructuring of Technicolor SA Group). 2019 also supported non-recurring investment with the set-up of a new facility in Australia, facility expansion in Canada and the new headquarters in France.

The variations between 2019, 2020, 2021 and 2022 are analysed in the table below:

	Year ended 31 December		
(in € million)	2021	2020	2019
Net proceeds from sale and acquisition of investments .....	0	(1)	0
Purchase of property, plant and equipment and intangible assets, including capitalization of development costs .....	(26)	(30)	(58)
Disposals of property, plant and equipment and intangible assets .....	2	0	0
Net cash collateral and security deposits (granted to) / reimbursed by third parties	(2)	(12)	0
<b>Net investing cash used in continuing activities .....</b>	<b>(26)</b>	<b>(42)</b>	<b>(57)</b>

#### 9.4.2.3 Net financing cash generated from/(used in) continuing activities

Net financing cash amounted to €(118) million used in 2021, compared to €85 million generated in 2020 and €(39) million used in 2019.

Net contributions from / (distributions to) Technicolor SA and Net cash pooling variance correspond to current accounts with parent company Technicolor SA. Repayment of lease debt and borrowings mainly correspond to operating lease and capital lease repayments.

The variations between 2019, 2020, 2021 and 2022 are analysed in the table below:

(in € million)	Year ended 31 December		
	2021	2020	2019
Net contribution from / (distributions to) Technicolor SA.....	(5)	21	(12)
Net cash pooling variance .....	(81)	105	14
Repayment of lease debt <sup>(1)</sup> .....	(31)	(42)	(40)
Repayment of borrowings and other .....	(1)	(0)	(1)
<b>Net cash generated from /(used in) financing activities .....</b>	<b>(118)</b>	<b>85</b>	<b>(39)</b>

<sup>(1)</sup> Of which Repayment of operating lease debt of (19)m€, (17)m€ and (17)m€ in 2021, 2020 and 2019, respectively; and Repayment of capital lease debt (excluding interest) of (12)m€, (24)m€ and (23)m€ in 2021, 2020 and 2019, respectively.

#### 9.4.2.4 Net cash generated from/(used in) discontinued activities

Net cash from discontinued operations was €17 million in 2021 compared to €(8) million of cash used in 2020 and €(6) million used in 2019.

#### 9.4.2.5 Adjusted Free Cash Flow after lease (new definition)

Adjusted Free Cash Flow after lease (new definition) is not an indicator defined by IFRS. It does not have an accounting definition and so the definition used by the Group may not correspond to other companies' definitions of this indicator. For a definition of this KPI, please refer to Section 8.1.3 "Key performance indicators" of this Prospectus.

Adjusted Operating Free Cash Flow after lease (new definition) is defined as EBITDA after lease (new definition) minus

- Capital expenditures, excluding usage-based IT cost (without cloud rendering);
- Capital leases cash out;
- Restructuring cash out;
- Change in working capital, excluding cloud rendering cash out;
- Other non current cash out.

Adjusted Free Cash Flow after lease (new definition) corresponds to Adjusted Operating Free Cash Flow after lease (new definition) minus Net interest paid excluding leases and other cash financial items and Income tax cash out.

The table below shows the Group's Adjusted Free Cash Flow after lease (new definition) for the periods stated:

(in € millions)	Year ended 31 December		
	2021	2020	2019
<b>EBITDA after lease (new definition) .....</b>	<b>75</b>	<b>(12)</b>	<b>94</b>
CapEx <sup>(1)</sup> .....	(14)	(23)	(56)
Capital lease (cash out) .....	(11)	(24)	(26)
Restructuring cash out.....	(7)	(13)	(6)
Changes in working capital <sup>(2)</sup> .....	30	(3)	7

Other non-current cash out .....	1	(4)	(2)
<b>Adjusted Operating Free Cash Flow after lease (new definition) .....</b>	<b>74</b>	<b>(78)</b>	<b>11</b>
Net interest paid excluding leases and other cash financial items .....	(11)	(5)	(16)
Income tax cash out.....	(1)	(0)	(5)
<b>Adjusted Free cash flow after lease (new definition).....</b>	<b>62</b>	<b>(83)</b>	<b>(10)</b>

(1) Excluding usage-based IT cost (without cloud rendering).

(2) Excluding cloud rendering cash out.

Adjusted Free Cash Flow after lease (new definition) amounted to €62 million in 2021, €(83) million in 2020 and €(10) million in 2019, resulting from:

- EBITDA after lease (new definition) from continuing activities amounting to €75 million in 2021, €(12) million in 2020 and €94 million in 2019. 2020 was impacted by lower activity resulting from the pandemic;
- Net capital expenditures (excluding usage-based IT costs without cloud rendering) amounting to €(14) million in 2021, €(23) million in 2020 and €(56) million in 2019; and Capital lease cash out (including interest) amounting to €(11) million in 2021, €(24) million in 2020 and €(26) million in 2019. Overall decrease from 2019 to 2020 and 2021 is explained by decreased activity because of the pandemic;
- Restructuring provisions cash usage at €(7) million in 2021, €(13) million in 2020 and €(6) million in 2019;
- Changes in working capital and other assets and liabilities (excluding cloud rendering) at €30 million in 2021, €(3) million in 2020 and €7 million in 2019. 2021 higher level is due to clients' advance payments received as level of activity was increasing again in latter part of 2021;
- Other non-current result (including pension cash usage of the period and cash impact of operating reserves) at €1 million in 2021, €(4) million in 2020 and €(2) million in 2019;
- Net interest paid excluding leases and other cash financial items at €(11) million in 2021, €(5) million in 2020 and €(16) million in 2019;
- Income tax cash out amounting to €(1) million in 2021, €(0) million in 2020 and €(5) million in 2019.

### 9.4.3 Change in net debt

Group net debt reported in the Group's Combined Financial Statements is mainly limited to short term borrowings from and cash deposits with parent company Technicolor SA and cash and cash equivalents. No portion of Technicolor SA's debt, cash, or cash equivalents have been attributed to the Annual Combined Financial Statements where they were not historically owned by a legal entity that will be part of the Group.

Note that the cost of financing included in the Group's Combined Financial Statements may not necessarily represent what the finance costs would have been had the Group historically obtained financing on a stand-alone basis. These costs may not be indicative of the cost of financing for the Group in the future. Please refer to Chapter 7 "Capitalization and indebtedness" of this Prospectus for more detail about the future financing structure of the Group.

## 9.5 DESCRIPTION OF MAIN FINANCIAL ARRANGEMENTS

At the date of this Prospectus, the Company has received from French and non-French financial institutions binding commitments (credit committee approved, subject to long form documentation into a Facilities Agreement and certain funds conditions to drawing) to grant a €623 million senior secured first lien term loan (the "**Initial Term Loan Facility**") and an up to €40 million super senior secured first lien revolving facility (the "**Revolving Credit Facility**", and together with the Term Loan Facility, the "**Facilities**"). The long form documentation is expected to be signed following Technicolor SA's combined shareholders' general meeting authorizing the Distribution, and in any event on, and immediately before, the date of refinancing of the existing debt of Technicolor SA, ahead of the Distribution Date.

The Facilities will be granted pursuant to a credit agreement governed by the law of the State of New York (the "**Facilities Agreement**") to be entered into prior to the spin-off, between, among others, the Company as parent borrower, Technicolor Creative Services USA, Inc. as co-borrower ("**TCS USA**") and Goldman Sachs Bank Europe SE as administrative agent and collateral agent.



### **Overview and structure**

The Initial Term Loan Facility is divided into (i) a tranche denominated in Euros to be made available to the Company in an aggregate principal amount of no less than €564 million (the “**Initial Euros Term Loan**”) and (ii) a tranche denominated in Dollars to be made available to TCS USA in an aggregate principal amount of \$60 million (the “**Initial Dollars Term Loan**”, and together with the Initial Euros Term Loan, the “**Initial Term Loans**”).

The Revolving Credit Facility may be used (i) through advances denominated in Dollars, Euros, Canadian Dollars, Great British Pounds or other agreed currencies (the “**Revolving Credit Loans**”) or (ii) through the issuance of letters of credit in Dollars, Euros, Canadian Dollars, Great British Pounds or other agreed currencies (subject to customary terms and conditions for the issuance of such letters of credit to be set forth in the Facilities Agreement).

The Facilities Agreement shall also provide that the borrowers may borrow short-term loans (the “**Swingline Loans**”) through swingline advances denominated in Dollars, Euros, Canadian Dollars, Great British Pounds, and other agreed currencies, up to a maximum aggregate amount to be set forth in the Facilities Agreement. The Swingline Loan sublimit is part of (and not in addition to) the Revolving Credit Facility.

### **Purpose**

The proceeds of the Initial Term Loan Facility will be applied, among others, (i) to finance the purchase price of the shares of Tech 6 SAS to be paid by the Company to Technicolor SA in the context of the internal reorganization described in Section 6.1 “*Group simplified legal organisational chart*” to be completed prior to the spin-off, the remaining shares being contributed to the Company on the same date such purchase is completed (the “**Closing Date**”), (ii) to repay intragroup advances owed by the Company to Technicolor SA and (iii) pay a portion of the costs related to the purchase and contribution of Tech 6 SAS by the Company.

The proceeds of the Revolving Credit Facility will be used by the Company, TCS USA and other subsidiaries of the Company for, among others, financing working capital and other general corporate purposes, including the financing of permitted acquisitions and, with respect to the portion drawdown on the Closing Date, (i) to finance a portion of transactions to be completed on the Closing Date (in particular the purchase price of the shares of Tech 6 SAS and internal reorganizations described in Section 6.1 “*Group simplified legal organisational chart*”) up to an amount to be set forth in the Facilities Agreement, and (ii) to pay certain upfront fees and original issue discount.

The Company shall use its reasonable best efforts to obtain a minimum credit rating with respect to the Initial Term Loan Facility from S&P and Moody’s of B and B2, respectively.

### **Maturity**

The Initial Term Loan Facility matures on the fourth anniversary of the Closing Date.

The Revolving Credit Facility will mature, and commitments thereunder will terminate, on the third anniversary of the Closing Date.

### **Repayment and amortization**

The Initial Term Loans shall amortize in equal quarterly installments and be repaid on the last business day of each March, June, September and December, commencing with the second full fiscal quarter ending after the Closing Date (as defined in paragraph “*Purpose*” of this Section 9.5), in an aggregate principal amount equal to 0.25% of the original principal amount of the Initial Term Loan Facility, subject to reduction in connection with debt repayments and debt buybacks, and the remaining balance shall be repaid at the maturity date of the Initial Term Loan Facility.

The loans under the Revolving Credit Facility shall be repaid, and the lending commitments thereunder will terminate, at the maturity date of the Revolving Credit Facility.

### **Interest and fees**

The rate of interest applicable to the Facilities is calculated as a percentage *per annum* equal to:

- (a) with respect to Initial Dollars Term Loan: (i) the sum of the Term SOFR Rate (subject to a zero floor) and an annual margin equal to 7.50% or (ii) the sum of ABR (subject to a zero floor) plus an annual margin equal to 6.50%; and
- (b) with respect to the Initial Euros Term Loan: (i) the sum of the EURIBOR Rate (subject to a zero floor) and an annual margin equal to 6.00% or (ii) the sum of ABR (subject to a zero floor) plus an annual margin equal to 5.00%;
- (c) with respect to the Revolving Credit Loans: (i) the sum of the Relevant Rate (subject to a zero floor) and an annual margin equal to 4.50% or (ii) the sum of ABR (subject to a zero floor) plus an annual margin equal to 3.50%;

it being specified that:

(A) “**Relevant Rate**” means (i) with respect to any borrowing denominated in U.S. Dollars, Term SOFR and Daily Simple SOFR, (ii) with respect to any borrowing denominated in Canadian Dollars, the CDOR Rate, (iii) with respect to any borrowing denominated in Great British Pounds, Daily Simple SONIA and (iv) with respect to any borrowing denominated in Euros, the EURIBOR Rate (which definitions and related provisions with respect to such interest rates, in each case, are to be set forth in the Facilities Agreement).

(B) “**ABR**” means the Alternate Base Rate, which is the highest of (i) the rate of interest established by the administrative agent of the Facilities Agreement, from time to time, as its “corporate base rate”, (ii) the Federal Funds Rate plus 1/2 of 1.0% and (iii) the Term SOFR Rate for a period of the one-month (after giving effect to the “floor”) plus 1.0% per annum.

The duration the interest periods is one (1), three (3) or six (6) months, or to the extent agreed by each lender and the administrative agent, twelve (12) months.

The borrowers shall also pay a commitment fee equal to 35% of the applicable margin under the Revolving Credit Facility, on the average daily unused portion of the Revolving Credit Facility, payable quarterly in arrears commencing from the Closing Date, calculated based upon the actual number of days elapsed over a 360-day year.

### **Optional and mandatory prepayments**

The Facilities Agreement requires mandatory prepayments in part or in full of the Initial Term Loan Facility in certain circumstances, including in case of (i) with excess cash flow (subject to a de minimis threshold, certain exceptions and percentage stepdowns based upon the First Lien Net Leverage Ratio), (ii) receipt of after-tax net cash proceeds resulting from non-ordinary course disposition of assets, insurance proceeds or condemnation awards (subject to de minimis amount, certain exceptions and certain right to invest), (iii) issuance of indebtedness not permitted under the Facilities Agreement and (iv) illegality.

Any prepayments of the Initial Term Loan Facility (whether voluntary or mandatory (but other than mandatory prepayment referred to in (i), (ii) and (iv) above) (and, for the avoidance of doubt, other than scheduled amortization of the principal amount of Initial Term Loans) or following the acceleration of the Initial Term Loan Facility) made on or prior to the first anniversary date of the Closing Date shall be subject to the payment of a premium equal to the present value (calculated as provided below) of all cash interest payments that would have been made in respect of such principal amount from the date of determination until the first anniversary of the Closing Date at a rate per annum equal to the applicable interest rate applicable to the relevant Initial Term Loan, computed on the basis of actual days elapsed over a year of 360 days and using discount rate equal to the U.S. Treasury Rate (as defined in the Facilities Agreement) at such date of determination plus 50 basis points.

Voluntary reductions of the unutilized portion of the Revolving Credit Facility, and, after the first anniversary of the Closing Date, any voluntary prepayment of Initial Term Loans, may be made, subject to minimum prepayment

amounts and customary notice periods and customary “breakage” costs (if applicable) and, in the case of the Initial Term Loans, subject to the payment of the exit fee described below.

In case of change of control (as defined in Section 3.3.2 “*Indebtedness*” of this Prospectus), repayment (including at the maturity date but excluding repayment or prepayments of any scheduled amortization), prepayment in full or in part (whether voluntary or mandatory), discharge, redemption, buy-back of Initial Term Loans or acceleration of the Initial Term Loan Facility after the first anniversary of the Closing Date, the borrower shall pay an exit fee equal to (i) 2.00% if such repayment, prepayment or acceleration occurs after the first anniversary of the Closing Date but on or prior to the second anniversary of the Closing Date, (ii) 3.00% if such repayment, prepayment or acceleration occurs after the second anniversary of the Closing Date but on or prior to the third anniversary of the Closing Date and (iii) 5.00% if such repayment, prepayment or acceleration occurs after the third anniversary of the Closing Date but on or prior to the fourth anniversary of the Closing Date.

Amounts under the Revolving Credit Facility may be borrowed, repaid and re-borrowed to fund working capital needs without premium or penalty, other than customary “breakage” costs, if applicable. No amounts under the Initial Term Loan Facility, once repaid, may be re-borrowed.

#### **Guarantee and security interests (sûretés réelles)**

Subject to certain agreed security principles and limitations and exceptions (including any applicable guarantee limitation), all obligations of the borrowers under the Facilities will, as from the Closing Date (as defined in paragraph “*Purpose*” of this Section 9.5), be unconditionally guaranteed jointly and severally on a senior secured basis by (a) the Company and TCS USA (except, in each case, with respect to such borrower’s obligations) and (b) certain, direct or indirect, wholly-owned, material subsidiaries of the Company, but excluding any material subsidiaries incorporated or formed in India.

Notwithstanding the foregoing, subject to the agreed security principles, and customary limitations and exceptions, the guarantors shall account for no less than 80% of the Adjusted EBITDA from continuing operations (as defined above, it being however specified that the calculation of Adjusted EBITDA from continuing operations for purposes of the guarantors coverage test shall not include the Adjusted EBITDA from continuing operations of the Company’s subsidiaries formed in India).

Subject to certain agreed security principles and customary limitations and exceptions, the obligations of the borrower and the guarantors under the Facilities Agreement will be secured by first ranking security interest on substantially all existing and future assets and properties of the borrowers and each of the guarantors (subject to certain exceptions), including security interest over:

- (a) (i) all of the capital stock of each guarantor and each direct, wholly-owned subsidiary of each guarantor to the extent such subsidiaries are incorporated in France, United States of America, United Kingdom, Canada, Australia, The Netherlands and Germany (for the avoidance of doubt, the capital stock of the Company will not be pledged since no holdings entity) and (ii) receivables and bank accounts,
- (b) accounts receivable, inventory, material fee owned real property, machinery, equipment, contracts, trademarks, copyrights, software, patents, license rights, deposit accounts (including customary pledges for the header accounts used for cash pooling arrangements) and general intangibles.

#### **Covenants and Events of Default**

The Facilities Agreement subjects the Company to a number of covenants that restrict, subject to certain exceptions, the Company’s ability and the ability of its subsidiaries to, among others: (1) incur additional indebtedness; (2) create liens; (3) effect mergers, liquidations, dissolutions and other fundamental changes; (4) sell and otherwise dispose of assets; (5) pay dividends and effect stock repurchases or redemptions of equity interests; (6) make acquisitions and investments; (7) make negative pledge clauses or place restrictions on its subsidiaries’ ability make distributions and other payments to us; (8) make voluntary prepayments, redemptions and repurchase of material payment subordinated debt; (9) amend certain terms in documents governing its material payment subordinated indebtedness or indebtedness that is junior in priority to the liens securing the

Facilities, including our subordinated debt; (10) engage in transactions with affiliates; and (11) maintain passive holding company status.

The Facilities Agreement also contains customary affirmative covenants, representations and warranties, and events of default for facilities of this type, including relating to a change of control (as defined in Section 3.3.2 “*Indebtedness*” of this Prospectus). It is specified that the Distribution does not and will not constitute a change of control of the Group under the Facilities. If an event of default occurs, subject to any applicable cure periods, the lenders under the Facilities will be entitled to take various actions, including the acceleration of amounts due under the Facilities.

### **Financial Covenants**

The Facilities Agreement contains a financial covenant requiring compliance with a maximum ratio (the “**First Lien Net Leverage Ratio**”) of (a) the First Lien Net Debt to (b) the Adjusted EBITDA from continuing operations (as defined in Section 3.3.2 “*Indebtedness*” above) of the Company and its subsidiaries of 5.75 to 1.00.

## 10. REGULATORY ENVIRONMENT

While the Company is not currently a regulated entity, the Company is subject to various regulations through its business activities, under European and applicable national laws of the countries in which it operates. The main regulations governing the Group's activities are set out below.

Technicolor SA's Legal Department ensures and the Company's Legal Department as from the date of the spin-off will ensure, with the support of external advisors, compliance with local laws relating to its sector of activity in all the countries in which it operates.

The following provides a brief overview of selected regulations that are applicable to the Group's business operations.

### 10.1 INTELLECTUAL AND ARTISTIC PROPERTY

With regard to its core operations in Film & Episodic VFX, Animation, Advertising and Games, which includes activities from pre-production to production activities (see Section 5.1 "Overview" of this Prospectus), the Company is not directly subject to regulations regarding artistic property, to the extent it performs a "work for hire" services business. The Group's clients are the owners of the rights on the final rendered deliverables of a project for which the Group has created and leveraged underlying generic models, shots or assets that allowed to scale the Group's services without separately exploiting any right on such services. The Company is therefore not directly subject to regulations regarding artistic property, it being further specified that the proprietary nature of the Group's services is mainly based on know-how and protected by common law copyrights and contractual agreements (hiring engagement packages, NDAs and third party commercial agreements). However, as part of executive production activity, the Group may be subject to regulations regarding artistic property.

#### 10.1.1 Europe

Within the European Union, Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 harmonised certain aspects of copyright rights in the information society. More recently, Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 (the "**Copyright Directive**") has clarified the scope of copyright in the digital age. In particular, the Copyright Directive provides for various measures concerning the use of protected content by online services, such as YouTube, as well as measures relating to the contractual rights of performing artists. Member states must transpose the Copyright Directive into national law by 7 June 2021.

In France, a law empowering the Government to legislate by decree in order to partially transpose the Copyright Directive was adopted on 4 December 2020.

In the member states of the European Union, the assignment of rights relating to intellectual works and the applicable formalities are harmonised, in particular as regards the rights that can be assigned, the duration and the territoriality of the assignment and the need for a written document.

More generally, the Company is also subject to the Berne Convention adopted in 1886, which deals with the protection of literary and artistic works, including the protection of works and the rights of authors over their works. The Berne Convention provides creators of music and video content with the means to control how their works can be used, by whom and under what conditions.

#### 10.1.2 France

Regarding the provisions of European Union directives that are applicable to a portion of the Group's business, national implementing rules may differ slightly from one European Union member state to another. In France, copyright rules are codified in Articles L. 111-1 to L. 135-7 of the French Code de la propriété intellectuelle (*Intellectual Property Code*). The copyright neighboring rights are codified in Articles L. 211-1 to L. 217-3 of the French Code de la propriété intellectuelle (*Intellectual Property Code*).

##### *Copyright-neighboring rights*

The Company is subject to applicable neighboring rights regulations in two respects. As part of its executive production activity, the Company enters into contracts with artists and creators who wish to develop their content.

On the other hand, as part of its pre-production activity, the Company enters into contracts with producers who hold neighboring rights (including Disney, Warner Bros, Legendary, Sony, Apple). In the context of those activities, the Company must also respect the rules of employment law (see Section 10.2 “*Employment law regulations*”).

Neighboring rights refer to the rights granted to those involved in literary and artistic creation communication companies, and publishers or press agencies.

In the context of copyright-neighboring rights, the prerogatives granted by law, in particular to performing artists and producers of recordings and videograms, are comparable to those granted to authors. Performing artists thus enjoy the exclusive right to authorize the fixation of their performances, their reproduction and their communication to the public. Producers of recordings and videograms benefit in the same terms from a right of reproduction, a right of communication to the public, and a right to make the videogram “available to the public by sale, exchange or rental”. Neighboring rights have a duration of 50 years from 1 January of the calendar year following that of the performance, extended to 70 years for producers of recordings and performing artists whose performances have been fixed on these recordings from 1 January of the calendar year following the date on which it was made available to the public.

### *Copyright*

To a lesser extent, the Company is subject to copyright regulations in its capacity as a storyboard and visual effects producer, particularly in the case of its pre-production activity (visualization, real time production, visual effects and animation).

Copyright includes all the rights, both moral and economic, granted to the creators of what regulations designate as “intellectual works”. An intellectual work must result from a creative activity and be original, i.e., it must bear the mark of the creator’s personality. The creator of an intellectual work benefits from moral rights and economic rights to their work. French law places the creator’s moral rights (namely right of disclosure, authorship, right to the respect of the work’s integrity, and right to withdrawal) at the forefront, recognizing that they are perpetual, inalienable and imprescriptible: the creator cannot waive it in advance or assign it to a third party. Secondly, economic rights (namely performance right and right of reproduction) reserve, for the creator or their successor in title, all the economic uses of the work through an exclusive right of exploitation, including a reproduction right and a representation right. Economic rights last 70 years after the creator’s death.

In principle, a copyright can only arise for a natural person (individual), or several natural persons in the case of a work of joint authorship, even if this person has created the work in execution of an employment contract, with the exception of the case of a collective work, which belongs to the natural or legal person under whose name the work is distributed. The creator may also grant assignments or concessions (licenses) to natural or legal persons, including publishers. These assignments or concessions are subject to rather cumbersome formalities and are subject to strict interpretation in favor of the creator-assignor. The remuneration stipulated in return for the transfer must, in principle, be proportional to the revenue from the exploitation of the work, but the law admits, in many cases, that the remuneration may consist of a fixed amount.

### **10.1.3 Other countries of the European Union**

In Germany, performing artists enjoy similar protection under the Urheberrechtsgesetz (UrhG) copyright act.

In the United Kingdom, Luxembourg and Italy, the intellectual property law applicable to creators of intellectual works also has a typology comparable to that of French law with, in particular, protection of exploitation rights, neighboring rights and copyright.

### **10.1.4 United States of America**

In the United States, the Company and its subsidiaries own or will own a number of registered trademarks and domain names, including trademarks for Mikros and The Mill and domain names which include these terms, copyrights and patents used in its business.

The Company further protects its assets through common law copyrights. In the U.S., the legal owner of a copyright is the author unless the copyrightable work qualifies as a work made for hire. A “work made for hire” is (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered

or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire. (17 U.S.C. § 101). The U.S. recognizes moral rights of authors of visual works (17 U.S.C. § 106(A)).

In the U.S., the term of copyright protection for a work made for hire is 95 years from the date of publication or 120 years from the date of creation, whichever comes first. This differs from the standard U.S. copyright term, life of the author plus 70 years.

The Company also owns or will own a license to a number of patents as well as know-how and trade secrets relating to its processes and procedures for content creation.

## 10.2 EMPLOYMENT LAW REGULATIONS

The Group depends on the continued recruitment and involvement of key team members, with strong technical skills and industry knowledge, such as mid and senior VFX or animation artists, film directors, VFX supervisors, or colorists.

Any contract binding a performing artist to a production, in exchange for compensation, shall be presumed to be an employment contract to the extent the artist does not otherwise carry out the activity that is the subject of the contract through an entity registered in the trade and companies register. With regard to contracts with artists in France, the Group must therefore comply with the applicable rules of employment law for all the performing artists it produces, it being specified that the Company has not experienced any particular difficulties related to labor law.

As any creative industry, the Group's business relies on the management of projects and is project cycle based. Each project usually requires a different mix (specific skills and number) and flexibility to match the technical challenges of the show. As such, a significant number of skilled artists are employed on a fixed-term basis, with, in general, a duration aligned to the schedule of the project on which they work, whether it is short or long in duration. Regulation of fixed-term work contracts varies according to the jurisdiction.

In France, there is a specific regime for entertainment industry fixed-term employees ("*Contrat à durée déterminée d'usage*" – CDDU or called "*Intermittents*") that is applicable to a defined designation of positions, but corresponds to a large part of the employees of the Group.

The unemployment insurance scheme for CDDU ("intermittent") employees is governed in particular by French Law No. 2015-994 of 17 August 2015 on social dialogue and employment and by a decree on the unemployment insurance scheme for intermittent workers in the entertainment industry dated 13 July 2016. These provisions secure the unemployment insurance scheme for intermittent workers and strengthen the protection of the right to compensation for intermittent workers with the lowest incomes.

In the United Kingdom, there is a general flexible work contract that can be used for our activities (zero-hour work contract).

In the other jurisdictions of significant presence of the Group such as Australia, Canada, India, or the United States of America, there is no specific fixed-term work contract regime for the entertainment industry. The standard fixed-term work contract is flexible enough for the Group's industry and therefore it is used together with the unlimited work contract. The Group's customers may require the location of their projects to occur in specific geographic jurisdictions. Therefore, the Group needs to secure the availability and/or the recruitment of the required and adapted skilled and key teams members in such designated location. When the local availability of the talent pool is limited or insufficient, it may be necessary to hire team members with citizenship from foreign jurisdictions. Additionally, as a creative industry, the Group requires a mix of culture, talent, background and origin to perform competitively and efficiently and consequently to build local teams with a mix of citizenships.

In such case, employment regulation relating to foreign workers (e.g., work permit) does also apply in addition to permanent or temporary immigration authorization for these employees. Depending on the international agreements on foreign workers that could be in place and covering certain categories of citizenships, this is a case in most of the Group's locations: e.g., Australia, France, Germany, the United Kingdom, the United States of America, Canada.

### 10.3 PERSONAL DATA REGULATIONS

In the course of its business, the Group may collect and process information that is subject to personal data protection laws and regulations in Europe and in other regions where the Company operates. This processing relates to personal data collected in the context of the Group's activities, in particular data relating to the Group's employees, the Group's service providers, artists who have entered into artist contracts, or producers who have entered into pre-production contracts.

In Europe, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR") applies to the Group. The GDPR established the new regulatory framework for personal data protection in Europe when it came into force on 25 May 2018. The GDPR applies to the processing, whether automated or not, of personal data by any entity established in the territory of the European Union or to the processing by an entity outside the European Union where the processing activities relate to the supply of goods or services to individuals within the European Union or to the monitoring of the behavior (targeting) of those individuals. Personal data is broadly defined as any information relating to an identified or identifiable natural person, whether directly or indirectly, regardless of that person's country of residence or nationality.

Under the GDPR, the Group must comply with several principles rules, including the following:

- personal data must be processed lawfully and transparently, ensuring fairness to the persons whose personal data is processed ("lawfulness, fairness and transparency");
- there must be specific purposes for processing the data and the Group must indicate these purposes to data subjects when collecting their personal data ("purpose limitation");
- the Group may collect and process only the personal data that is necessary to fulfil these purposes ("data minimization");
- the Group must ensure that personal data is accurate and kept up to date in relation to the purposes for which it is processed, and correct it where necessary ("accuracy");
- the Group must ensure that personal data is not kept longer than necessary to fulfil the purposes for which it was collected ("retention limit");
- the Group must put in place appropriate technical and organisational measures to ensure the security of personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technology ("integrity and confidentiality").

In addition, the GDPR:

- provides for a strengthening of the responsibility of data controllers and processors, requiring them to be able to demonstrate compliance with the rules imposed by the GDPR at all times and on a continuous basis, in particular through the implementation of technical and organisational security measures and a accountability obligation. To this end, the GDPR requires that a register of the processing operations carried out be kept;
- strengthens the rights of data subjects of processing operations, in particular by introducing additional information to be provided to data subjects (e.g legal basis of the processing operation, the legitimate interests pursued by the data controller) and the right to restrict the processing of data and to data portability and, where the processing operation is based on consent, the right to withdraw consent;
- requires notification of data breaches to the supervisory authority and to data subjects;
- requires, for high risk processing operations that handle special categories of data, that a full impact assessment be carried out, showing the impact of the processing operation on the protection of personal data, the risks and the measures adopted;
- requires certain data controllers, under certain conditions, to appoint a Data Protection Officer ("DPO").

Depending on the nature and gravity of the breach(es) committed, non-compliance with the provisions of the GDPR may result in penalties of up to €10 million or 2% of the previous year's worldwide turnover, whichever is higher, or €20 million or 4% of annual worldwide turnover of the preceding financial year, whichever is higher. The penalty may be imposed instead of, or in addition to, measures that may be ordered by supervisory authorities (such as the request to cease the processing). Supervisory authorities may issue a public warning - as part of a control revealing infringements of the applicable data protection regulation - and a public formal order to comply with the applicable regulation.

The GDPR offers European Union member states the possibility to adopt local specificities. France made use of this option in the context of the law of 20 June 2018, reforming Act No. 78-17 of 6 January 1978 on data



processing, data files and individual liberties (*Loi Informatique et Libertés*, or the “**Data Protection Act**”). Therefore, in addition to the GDPR, local data protection laws in the countries in which the Group is established or offers services must be taken into account, in this case the French Data Protection Act.

The competent supervisory authority in relation to data protection France is the *Commission nationale de l’informatique et des libertés* (CNIL) whose mission is to – among other things - help private and public organizations to comply with the GDPR. The Group has implemented a number of measures for the purpose of establishing GDPR compliance. For example:

- the Group has designated a DPO, in charge of the relations with competent data protection authority;
- all legal entities of the Group are bound by an Intra Group contract, which ensures corporate rules are compliant with the European data protection regulation. Every legal entity remains responsible for compliance with applicable local data protection regulation;
- before any new treatment takes place, the Group implements appropriate technical and organisational measures for ensuring that, by default, only personal data which is necessary for each specific purpose of the processing is processed, fairly and lawfully, not kept longer than necessary, accurate, updated and held securely;
- for the export of personal data out of the European Union, the same level of protection is guaranteed either by (i) the integration of the terms of the European standard contractual clauses, controller to processor, to all contracts, or (ii) the transfer to a white-listed country, or (iii) the transfer to a company which has implemented binding corporate rules, or (iv) intragroup contracts for transfer between subsidiaries;
- where a data protection breach occurs, or is suspected to have occurred, the DPO is notified as soon as possible;
- privacy policy is regularly updated to include new regulations and different information notices corresponding to different type of data subjects; and
- process for any data subject to exercise rights or contact the Group for questions related to data privacy is put in place.

## 11. TREND INFORMATION

### 11.1 BUSINESS TRENDS

A detailed description of the Group's results for the financial year ended 31 December 2021 and the six months period ended 30 June 2022 is contained in Chapter 8 "Analysis of the Group's financial position and results" in this Prospectus.

### 11.2 MEDIUM-TERM OUTLOOK

*The objectives and trends presented below are not forecasts or estimates of the Group's profit, but are based on its strategic goals and action plan.*

*These objectives and trends are based on data, assumptions and estimates that the Group considers to be as reasonable at the date of the approval of this Prospectus. These data, assumptions and estimates may change or be adjusted, particularly as a result of changes in the economic, financial, competitive, regulatory or tax environment or as a result of other factors of which the Group was not aware at the date of this Prospectus.*

*In addition, if certain risks described in Chapter 3 "Risk factors" of this Prospectus were to actually occur, they could have an impact on the Group's activities, financial position, results, development or outlook, and could therefore threaten its ability to achieve the objectives set out below.*

*The achievement of these objectives also assumes that the Group's strategy will be successful. As a result, the Group makes no representation and gives no warranty regarding the achievement of the objectives set out below and makes no undertaking to publish or report any potential changes or updates to those objectives.*

#### **Outlook for the evolution of the Group's activities and financial objectives**

The outlook for the Group's activities and the financial objectives presented below are based in particular on market trends and prospects in line with those set out in Section 5.2 "Markets and competitive position" of this Prospectus and on the assumptions presented in Section 12.1 "Assumptions" below.

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

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

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

The Group's results are sensitive to its main currencies valuations - notably the US dollar, the Canadian dollar, and the British pound – which have evolved favorably since the beginning of the year 2022. Hedging arrangements are in place to mitigate forex risks.

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

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

These sources of margin profile improvements will be combined with benefits of the global integrated model, notably with the expansion of capacity in India. Headcount in India is expected to increase to c. 70% of direct headcount (compared to 63% in 2021, 57% in 2020 and 55% in 2019).

The key financial highlights of the financial year 2022 can be summarised as follows:

- positive start to 2022 in challenging macro environment;
- structural growth drivers enabling post-Covid top-line rebound;
- multiple sources contributing to margin expansion potential;
- guidance based on demand for TCS artistry and technology services;
- high degree of revenue visibility for MPC and Mikros Animation;
- significant focus on talent recruitment to deliver pipeline.

#### ***Group's financial policy***

The Group's priority is to focus on deleveraging over the next two years to align leverage with publicly listed peers (with an objective of approximately 3.5x Net Leverage (i.e., Net debt/Adjusted EBITDA after lease (new definition)) in the medium term).

In accordance with the dividend policy provided in Section 19.4 "*Dividend policy*" of this Prospectus, the Group does not plan to propose dividends in the near to midterm.

## 12. PROFIT FORECASTS OR ESTIMATES

*The profit forecasts presented below, and the assumptions on which they are based, have been prepared in accordance with the provisions of European Commission regulation (EU) No. 2019/980 of 14 March 2019 as amended, and with ESMA recommendations regarding forward-looking information.*

*The profit forecasts presented below are based on data, assumptions and estimates that the Group considers to be reasonable at the date of this Prospectus. These data, assumptions and estimates may change or be adjusted, particularly as a result of uncertainties in the regulatory, economic, financial, competitive, accounting or tax environment or as a result of other factors of which the Group was not aware at the date of this Prospectus.*

*Were one or more risks described in Chapter 3 “Risk factors” of this Prospectus to actually occur, they could have an impact on the Group’s activities, financial position, results, development or outlook, and could therefore threaten these profit forecasts.*

*The achievement of these objectives also assumes that the Group’s strategy will be successful. As a result, the Group makes no representation and gives no warranty regarding the achievement of the forecasts set out below.*

### 12.1 ASSUMPTIONS

The Group has prepared its forecasts for the years ending 31 December 2022 and 2023 on a basis which is both comparable to its historical financial information, and consistent with the accounting policies applied in the Group’s Combined Financial Statements, given in this Prospectus.

The forecasts set out below are based mainly on the following assumptions:

#### **External macro-economic assumptions**

- market trends in line with prospects set out in Section 5.2 “Markets and competitive position” of this Prospectus. This assumption may be impacted by the factors described in Section 3.1 “Global market and industry risks” of this Prospectus;
- a EUR/USD exchange rate of 1.15, EUR/CAD of 1.52 and EUR/GBP of 0.89. This assumption may be impacted by the factors described in Section 3.3.1 “Interest rate and exchange rate fluctuations” of this Prospectus;

#### **Assumptions internal to the Group**

- management estimates running dissynergy costs of €4-6 million in 2022 and €10-15 million in 2023. This assumption may be impacted by the factors described in Section 3.5.1 “The Company may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect its business” of this Prospectus; and
- to a lesser extent, a management assumption reflecting accounting changes implied by the IFRIC interpretation on Saas adjustment, relating to the configuration or customization costs in a cloud computing arrangement. The one-off impacts of IFRIC interpretation are expected to be material for 2022 as software CapEx were budgeted, resulting in a negative impact on Adjusted EBITDA after lease (new definition) with €(4) million, €(2) million on Adjusted EBITA after lease (new definition), and +€4 million on CapEx. For 2023, these impacts are expected to be less material.

### 12.2 GROUP FORECASTS FOR THE YEAR ENDING 31 DECEMBER 2022

Based on the assumptions described above, the Group aims at achieving, at comparable perimeter and including the expected standalone costs related to the Group as a separate independent entity related to loss of economies of scale and replication of corporate functions:

- an Adjusted EBITDA (old definition) of €165-175 million in the year ending 31 December 2022 and €185-205 million in the year ending 31 December 2023, corresponding to
- an Adjusted EBITDA after lease (new definition) of €120–130 million in the year ending 31 December 2022 and €140–160 million in the year ending 31 December 2023.

In addition, the Group's normalized level of CapEx (i.e., purchases of property, plant equipment, intangible assets net of disposals, excluding autodesk licences and other usage-based IT costs) is expected to range between 4% and 5% of revenues, while trending down in the medium term as part of operational efficiency gains; and changes in working capital and other assets and liabilities (excluding cloud rendering) are expected to result in around €10 million cash outflows impact per annum. Capital lease outflows are expected to revert to a normalized level of between €15 and €25 million per annum, in line with 2019 and 2020 levels before the impact of the pandemic on the industry.

### 13. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

#### 13.1 THE COMPOSITION OF ADMINISTRATIVE, SUPERVISORY AND MANAGEMENT BODIES

As of the date of this Prospectus, the Company is incorporated in the form of a French *société anonyme*.

The Company was initially incorporated as a simplified joint-stock company (*société par actions simplifiée*) with a sole shareholder and converted into a public limited company (*société anonyme*) on 8 July 2022. The general meeting of the shareholders of the Company has decided on the same date to adopt new articles of association, subject to and with effect on the admission of the Company's Shares to trading on Euronext Paris. A summary of the main provisions of the articles of association, pertaining to the Board of Directors, and in particular its powers, as well as a brief description of the key provisions of the internal rules of the Board of Directors which the Company envisages introducing subject to the same condition precedent set out above, can be found in Section 20.2 "*Memorandum and articles of association*" of this Prospectus.

##### 13.1.1 Board of Directors

As at the date of this Prospectus, the Board of Directors of the Company is composed of seven (7) members, including four (4) independent members within the meaning of the Corporate Governance Code of the Association Française des Entreprises Privées (AFEP) and of the Mouvement des Entreprises de France (MEDEF) (the "**AFEP-MEDEF Code**").

The following table shows the composition of the Board of Directors, together with the main offices and functions exercised outside the Company over the past five years by the Company's directors.

Name or company name; business address	Nationality	Term of office	Independent director	Main position within the Company	Main appointments and positions held outside the Company over the past five years
Anne Bouverot 8-10, rue du Renard 75004 Paris	French	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	No	Chairperson	<b>Present:</b> Technicolor SA* - Chairperson of the Board of Directors ( <i>appointed June 2019</i> ) TowerBrook Capital Partners - Senior Advisor ( <i>appointed September 2018</i> ) Ledger - Director ( <i>appointed April 2019</i> ) Cellnex Telecom* - Director ( <i>appointed May 2018</i> ) <b>Past:</b> Capgemini SE* - Director Edenred SA* - Director Safran Identity & Security (Morpho) - Chair and Chief Executive Officer
Christian Roberton 8-10, rue du Renard 75004 Paris	English	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	No	CEO and Director	<b>Present:</b> Technicolor SA* – President of the Creative Studios division ( <i>appointed October 2020</i> )

Name or company name; business address	Nationality	Term of office	Independent director	Main position within the Company	Main appointments and positions held outside the Company over the past five years
Bpifrance Participation SA, Thierry Sommelet  6-8, Boulevard Haussmann 75009 Paris	French	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	No	Director	<b>Present:</b> Technicolor SA* - Director (appointed January 2016) Orange SA* - Director (appointed May 2013) Idemia – Director Managing Director within the Capital Development Department of Bpifrance Investissement (appointed January 2016)  <b>Past:</b> Mersen SA - Director
Xavier Cauchois  8-10, rue du Renard 75004 Paris	French	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	Yes	Lead Independent Director	<b>Present:</b> Technicolor SA* - Director (appointed June 2019) Dassault Systèmes SE* - Director (appointed May 2018) <b>Past:</b> PwC Business Services - Manager GIE PricewaterhouseCooper - Director PwC Audit – Partner
Katherine Hays  8-10, rue du Renard 75004 Paris	American	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	Yes	Director	<b>Present:</b> Technicolor SA* - Director (appointed February 2022) <b>Past:</b> Vivoom Inc – CEO
Rajan Kohli  8-10, rue du Renard 75004 Paris	American	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	Yes	Director	<b>Present:</b> Wipro's iDEAS (Integrated Digital, Engineering and Application Services) – Président <b>Past:</b> N/A
Christine Laurens  8-10, rue du Renard 75004 Paris	French	Until the general shareholders' meeting held to approve the financial statements for the year ending 31 December 2024	Yes	Director	<b>Present:</b> Technicolor SA* - Director (appointed June 2019) Spencer Stuart – Global CFO, Partner and <i>ex officio</i> Director (appointed January 2022) <b>Past:</b> AT Kearney - CFO and Director of AT Kearney's subsidiaries

\* Company whose shares are admitted to trading on Euronext.  
Subsequently to the date of the admission of the Company's Shares to trading on Euronext Paris, Anne Bouverot and Bpifrance Participations SA will keep their office in Technicolor SA. Katherine Hays, Xavier Cauchois and Christine Laurens will not.

Mrs. Anne Bouverot, Bpifrance Participations SA and Mrs. Katherine Hays were appointed by a decision of the general meeting of the shareholders of the Company dated 8 July 2022 and the remaining directors of the Company listed above by a decision dated 22 July 2022, with effect as of the date of admission of the Company's Shares to trading on Euronext Paris. Pursuant to the Board of Directors' internal regulation, each member of the Board of Directors shall acquire at least one hundred (100) Company's Shares within six (6) months of his or her appointment. In addition, each member of the Board of Directors shall acquire Company's Shares for an amount (acquisition price) at least equal to 50% of his or her annual fixed remuneration due in his or her capacity as director, within twenty-four (24) months of his or her appointment.

In addition, subsequent to the date of the admission of the Company's Shares to trading on Euronext Paris, the Company intends to proceed to the appointment of one (1) director representing employees among the Board of Directors in accordance with articles L. 225-27-1 and L. 22-10-7 of the French Commercial Code and its articles of association at the latest on 8 January 2023, (i.e., within six months following the general shareholders' meeting having adopted the Company's articles of incorporation as a *société anonyme*).

#### *Biographical information of the members of the Board of Directors*

##### ***Anne Bouverot (Chairperson of the Board of Directors)***

Ms. Anne Bouverot, 56, graduate of École Normale Supérieure and of Télécom Paris, holds a PhD in Artificial Intelligence (1991). She is the co-founder and Chair of Fondation Abeona (Championing Responsible AI). She has received the awards of Chevalier de l'Ordre National du Mérite and Chevalier de la Légion d'Honneur (France). She has a strong background in the Technology and Telecom sectors and extensive experience with the US and UK markets. Besides, she has a wealth of experience as Director of listed companies (both in France and abroad) and recognized strategic and leadership skills.

She is currently Chairperson of the Board of Directors of Technicolor SA, director of Cellnex Telecom in Spain and of Ledger, and a Senior Advisor for TowerBrook Capital Partners. She previously was Chair and Chief Executive Officer of Morpho (then Safran Identity & Security), a global leader in security and identity solutions, employing more than 8,600 people in 55 countries and generating revenues of €2 billion. Prior to Morpho, she spent 4 years as Director General of GSMA, the international association of mobile network operators. She began her career as IT project manager with Telmex in Mexico before spending 19 years with Orange in various positions.

##### ***Christian Roberton (Chief Executive Officer and director)***

Christian Roberton joined MPC in 2003, where he started as a VFX Production Manager and within 5 years became Managing Director of Film. During his time as Managing Director, MPC Film have opened studios in Vancouver, Los Angeles, Bangalore and Montreal and now have more than 2000 artists and production crew working with them. He was appointed to the Executive Committee in April 2019.

Christian Roberton started his career in the traditional drawn animation business in the mid-90's, working for a number of London based companies on commercial and television series production. This led him to the animation production company Uli Meyer Studios where he became company manager running all aspects of the business from commercial through to feature production.

##### ***Bpifrance Participations, represented by Thierry Sommelet (director)***

Mr. Thierry Sommelet, 52, graduated from ENPC civil engineering school in Paris and holds an M.B.A. from INSEAD.

He is Managing Director within the Capital Development Department of Bpifrance Investissement, in charge of the technology, media and telecom sector. Mr. Thierry Sommelet has 20 years of private and public equity investment experience in the telecom and technology sectors, with Caisse des Dépôts et Consignations where he was responsible for investment in telecom networks, and with Fonds Stratégique d'Investissement where he realized several transactions in the semi-conductor, technology and Internet sectors. Before that, Mr. Thierry Sommelet held several positions in capital markets with Crédit Commercial de France, in Paris and New York, with Los Altos based Renaissance Software (now part of SunGard) and with media company InfosCE.

##### ***Xavier Cauchois (lead independent director)***

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



***Katherine Hays (independent director)***

Ms. Katherine Hays, 47, graduated from Princeton University and The Harvard Business School. She has financial skills (particularly in mergers and acquisitions), good strategic skills, extensive experience in the Media & Entertainment sector and knowledge of the Technology sectors. She is currently a member of the Board of Directors of Technicolor SA.

She has over 20 years of experience in the digital media and entertainment sector. In 2003 she co-founded and then served as COO and CFO of in-game advertising platform Massive Inc., where she created and executed the company's overall strategy with specific accountability for worldwide operations, technology and product development, strategic planning, and finance. She ultimately led the company's sale to Microsoft in 2006 where she then served as Senior Director with both the Microsoft Startup Labs and MSN through 2008. Ms. Katherine Hays became Chief Executive Officer of visual effects software creator GenArts where she served as CEO and Board Member from private equity firm Insight Partners' original investment in 2008 through the company's sale to Boris FX in 2016 while growing the company to be the number one provider of special effects software for the professional market worldwide. She was most recently founder and CEO of peer-to-peer marketing platform Vivoom Inc. and began her career at Goldman Sachs where she was an equity research analyst covering the media sector. The Harvard Business School published a case study on her journey starting and building Massive Inc. and she has served as a guest speaker at The Harvard Business School, Columbia Business School, and Stanford University.

***Rajan Kohli (independent director)***

Mr. Kohli is President of Wipro's iDEAS (Integrated Digital, Engineering and Application Services) business. Wipro is an Indian multinational corporation that provides information technology, consulting and business process services. Wipro is headquartered in Bangalore and listed on Bombay Stock Exchange and the NYSE. Mr. Kohli leads a global business line with over 110,000 people committed to helping clients across the world accelerate their transformation and shift how they build and deliver digital products, services and experiences. iDEAS (Integrated Digital, Engineering and Application Services) brings together strategic design, domain and consulting capabilities along with cloud applications, AI, data, engineering and next generation technologies. Starting with a design-led approach, iDEAS is uniquely positioned to deliver business solutions required by companies to create what matters to their business.

Mr. Kohli is also a member of the Wipro Executive Board (WEB) and the Group Executive Council (GEC). Prior to his current role, Mr. Kohli was President of Wipro Digital, Wipro's digital transformation business which he incubated and scaled to become one of the largest and most recognized businesses of Wipro. During his Wipro tenure, Mr. Kohli has also led the Banking and Financial Services (BFS) vertical. He headed this business globally, with responsibility for client satisfaction, revenue, profitability, and capability development. He also has served as Wipro's Chief Marketing Officer.

Mr. Kohli graduated from Indian Institute of Management (IIM), Bangalore, with a specialization in marketing and finance. He also holds an Engineering degree in electronics and communications from Punjab Engineering College (PEC), Chandigarh.

Mr. Kohli resides in the New York metropolitan area and does not have any Board seat apart from Wipro subsidiaries mainly based in the USA.

***Christine Laurens (independent director)***

Ms. Christine Laurens, based in Chicago since 2014, is currently Global CFO and Partner of the leadership advisory and executive search firm Spencer Stuart. Until January 2022, she was Chief Financial Officer and Partner at A.T. Kearney.

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

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

#### *Independent members of the Board of Directors*

According to the independence criteria set forth in the AFEP-MEDEF Code, which the Company intends to apply as of the date of the admission of the Company's Shares to trading on Euronext Paris, four (4) members of the Board of Directors, namely Xavier Cauchois, Katherine Hays, Rajan Kohli and Christine Laurens, will sit on the Board of Directors as independent members. The table below shows the evaluation of the independence pursuant to such criteria.

Name	Not an employee/ Executive Officer / director* of a consolidated company / the parent company or / a company consolidated by the latter, of a consolidated company / the parent company or / a company consolidated by the latter, over the last five years	No cross-directorships	No significant business relations	No Family ties	No Statutory Auditor	Term of office of less than 12 years	Shareholding below 10% of Technicolor share capital	Independent
Anne Bouverot	×	✓	✓	✓	✓	✓	✓	×
Christian Roberton	×	✓	✓	✓	✓	✓	✓	×
Bpifrance Participations SA, Thierry Sommelet	×	✓	✓	✓	✓	✓	✓	×
Xavier Cauchois	✓*	✓	✓	✓	✓	✓	✓	✓
Katherine Hays	✓*	✓	✓	✓	✓	✓	✓	✓
Rajan Kohli	✓	✓	✓	✓	✓	✓	✓	✓
Christine Laurens	✓*	✓	✓	✓	✓	✓	✓	✓

\* After having taken into account the particular situation of the Company and the contemplated conditions of its spin-off from Technicolor SA, the Board of Directors has considered that having been an independent director of Technicolor SA over the last five years does not prevent a director from the quality of independent director of the Company to the extent that its term of office in Technicolor SA has been terminated. The fact that the Company had been consolidated over the five past years does not appear relevant in the event of a spin-off of a company into two separate companies. Following the implementation of the Distribution, the Company will not be consolidated by Technicolor SA, it being further specified that the disposal of the Technicolor SA remaining stake in the Company will be considered by Technicolor SA ahead of or following the spin-off (see Section 17 "Major Shareholders" of this Prospectus).

### *Balance gender representation in the composition of the Board of Directors*

As at the date of this Prospectus, there are three women and four men on the Board of Directors, providing a balanced representation of men and women, in proportions that comply with applicable legal requirements and the recommendations of the AFEP-MEDEF Code.

#### **13.1.2 Statutory Corporate Officers (*Dirigeants Mandataires Sociaux*)**

The statutory corporate officers of the Company are Mrs. Anne Bouverot as Chairperson of the Board of Directors (the “**Chairperson**”) and Mr. Christian Roberton as Chief Executive Officer of the Company (the “**CEO**”, and together with the Chairperson, the “**Statutory Corporate Officers**”).

#### **13.1.3 Statements relating to administrative, supervisory and management bodies**

As of the date of this Prospectus, to the Company’s knowledge, there are no family relationships among the members of the Board of Directors and Statutory Corporate Officers.

To the Company’s knowledge, over the past five years: (i) none of the above persons has been convicted of fraud, (ii) none of the above persons has been involved in bankruptcy, receivership, liquidation or companies put into administration, (iii) none of the above persons has been subject to any official public incrimination and/or sanctions involving such persons by statutory or regulatory authorities (including designated professional bodies), and (iv) none of the above persons has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

### **13.2 CONFLICTS OF INTEREST**

As of the date of this Prospectus and to the Company’s knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors and the Statutory Corporate Officers of the Company and their private interests, there are no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any member of the Board of Directors or the Statutory Corporate Officer of the Company has been selected as a member of the Board of Directors or Statutory Corporate Officer of the Company. The members of the Board of Directors and the Statutory Corporate Officers of the Company are not subject to lock-up agreements.

It is reminded that Anne Bouverot, Chairperson of the Board of Directors (*Présidente du Conseil d’administration*) of the Company is also currently independent Chairperson of the Board of Directors of Technicolor SA and that Bpifrance Participations SA, represented by Thierry Sommelet, Xavier Cauchois, Katherine Hays and Christine Laurens, who are currently independent directors of Technicolor SA will sit on the Board of Directors of the Company as of the date of the admission of the Company’s Shares to trading on Euronext Paris.

Subsequently to the date of the admission of the Company’s Shares to trading on Euronext Paris, Anne Bouverot and Bpifrance Participations SA will remain as independent director of Technicolor SA<sup>13</sup> while being non-independent Chairperson for Anne Bouverot and as non-independent board member for Bpifrance Participations (represented by Thierry Sommelet). Xavier Cauchois, Katherine Hays and Christine Laurens will resign from their mandates, and no longer sit, as directors of Technicolor SA and will sit on the Board of Directors of the Company as independent members (in application of the independence criteria set forth in the AFEP-MEDEF Code). The Board of Directors’ internal regulations that will be in effect as of the admission of the Company’s Shares to trading on Euronext Paris shall provide that a director in a situation of potential conflict of interests must abstain from attending the related deliberations of the Board of Directors and participating in the corresponding vote (see Section 20.2.1.1 of this Prospectus). It shall further provide that the Board of Directors may decide to appoint a Lead Independent Director in order to optimize the balance of power and the management of potential conflicts of interest in the event that the Chairperson of the Board of Directors is not considered independent (see Section 15.3 “*Lead Independent Director*” of the Prospectus). As part of the new governance of the Company, it is intended that the Board of Directors appoint Mr. Xavier Cauchois as Lead Independent Director.

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<sup>13</sup> Anne Bouverot will resign from her mandate as Chairperson of the Board of Directors of Technicolor SA.

## **14. COMPENSATION AND BENEFITS**

### **14.1 COMPENSATION OR BENEFITS PAID OR GRANTED TO NON-EXECUTIVE CORPORATE OFFICERS AND TO THE STATUTORY CORPORATE OFFICERS**

#### **14.1.1 Compensation of members of the Board of Directors**

The following table details the compensation or benefits paid by the Company or by any Group company, to non-executive corporate officers of the Company for the financial years ended 31 December 2020 and 2021.

*Table 3 (AMF nomenclature)*

**Table of the compensation received by members of the Board of Directors**

Members of the Board of Directors	2020		2021	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Mrs. Anne Bouverot, Chairperson				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Bpifrance Participations SA				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Mrs. Katherine Hays				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Mr. Xavier Cauchois				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Mrs. Christine Laurens				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Mr. Rajan Kohli				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation	N/A	N/A	N/A	N/A
Mr. Christian Roberton				
Fixed and variable compensation	N/A	N/A	N/A	N/A
Other compensation (see Table 2 below for further details)	1,308,425	1,794,912	2,432,581	1,525,247
<b>Total</b>	<b>1,088,613</b>	<b>1,794,912</b>	<b>2,432,581</b>	<b>1,525,247</b>

#### **14.1.2 Compensation or benefits paid or granted to the Statutory Corporate Officers**

The Statutory Corporate Officers of the Company have not perceived any compensation or benefits by the Company or by any Group company (as of the date of this Prospectus) for the financial years ended 31 December 2020 and 2021. However, due to their mandates and functions in the Technicolor SA Group during such financial years (see Chapter 13 “*Administrative, management and supervisory bodies and senior management*” of this Prospectus), compensation or benefits have been paid or granted to Mrs. Anne Bouverot, as Chairperson of the Technicolor SA Board by Technicolor SA; and to Mr. Christian Roberton, as CEO of the Technicolor Creative Studios division of Technicolor SA, by Technicolor Creative Studios UK Limited, a subsidiary of Technicolor SA as at the date of this Prospectus, but which will be, as at the date of the admission of the Company’s Shares to

trading on Euronext Paris, as a result of the reorganization at Technicolor SA Group, a Group subsidiary (see Section 6.1 “*Group simplified legal organisational chart*” of this Prospectus).

The following tables detail the compensation or benefits paid by the Company or by any Group company (as at the date of the admission of the Company’s Shares to trading on Euronext Paris), to the Statutory Corporate Officers of the Company for the financial years ended 31 December 2020 and 2021.

*Table 1 (AMF nomenclature)*

<b>Summary of compensation or benefits, options and shares granted to each Statutory Corporate Officer</b>		
	<b>2020</b>	<b>2021</b>
<b>Mrs. Anne Bouverot</b> Chairperson of the Board of Directors	N/A	N/A
Compensation or benefits granted during the financial year	N/A	N/A
Valuation of multi-year variable compensation granted in the course of the financial year	N/A	N/A
Valuation of options granted during the financial year	N/A	N/A
Valuation of performance shares granted during the financial year	N/A	N/A
Valuation of other long-term incentive plans	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>
<b>Mr. Christian Robertson</b> Chief Executive Officer		
Compensation or benefits granted during the financial year ( <i>see Table 2 below for further details</i> )	1,088,613	2,432,581
Valuation of multi-year variable compensation granted in the course of the financial year	N/A	N/A
Valuation of options granted during the financial year	None	None
Valuation of performance shares granted during the financial year	89,991*	143,559
Valuation of other long-term incentive plans	None	None
<b>Total</b>	<b>1,178,604</b>	<b>2,576,140</b>

*\*Restricted shares in Technicolor SA.*

Table 2 (AMF nomenclature)

Summary of compensation or benefits granted to each Statutory Corporate Officer				
	2020		2021	
	Amounts granted	Amounts paid	Amounts granted	Amounts paid
Mrs. Anne Bouverot, Chairperson of the Board of Directors				
Fixed	N/A	N/A	N/A	N/A
Annual variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Exceptional compensation	N/A	N/A	N/A	N/A
Directors fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Mr. Christian Roberton, Chief Executive Officer				
Fixed	478,291 <sup>(1)</sup>	478,291	629,799	629,799
Annual variable compensation	-	-	629,799	0
Multi-year variable compensation	451,274 <sup>(2)</sup>	1,288,499 <sup>(3)</sup>	1,133,000 <sup>(4)</sup>	855,465
Exceptional compensation	None	None	None	None
Directors fees	N/A	N/A	N/A	N/A
Benefits in kind <sup>(5)</sup>	28,122	28,122	39,983	39,983
<b>Total</b>	<b>1,088,613</b>	<b>1,794,912</b>	<b>2,432,581</b>	<b>1,525,247</b>

<sup>(1)</sup> Mr. Roberton has been appointed President of the Production Services Division of Technicolor SA as from 1 November 2020.

<sup>(2)</sup> Such amount corresponds to the minimum amount provided for in the plan giving rise to a payment of €855,465 in 2021 in light of the achievement of the performance criteria.

<sup>(3)</sup> Referring to amount granted in 2019 and paid in 2020.

<sup>(4)</sup> This amount corresponds to the target amount provided for in the plan which was the subject of a payment of €1,493,937 in July 2022 in light of the achievement of the performance criteria.

<sup>(5)</sup> Benefits in kind correspond to pension allowance contributions under a defined contribution plan in the Technicolor SA Group.

Table 11 (AMF nomenclature)

	Employment contract		Supplementary pension plan		Severance or other benefits due or likely to become due as a result of termination or change of office		Compensation under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Mrs. Anne Bouverot, Chairperson of the Board of Directors		X		X		X		X
Mr. Christian Roberton, Chief Executive Officer		X*		X		X		X

\* It is specified that Mr. Christian Roberton has an employment contract with Technicolor Creative Studios UK Limited (a subsidiary of Technicolor SA as at the date of this Prospectus, but which will be, as at the date of the admission of the Company's Shares to trading on Euronext Paris, as a result of the reorganization at Technicolor SA Group, a Group subsidiary (see Section 6.1 "Group simplified legal organisational chart" of this Prospectus)). This contract will be terminated as of the date of his appointment as a Statutory Corporate Officer, i.e. with effect as of the date of admission of the Company's Shares to trading on Euronext Paris.

#### 14.1.3 Stock subscription, option plans and performance share grant plans allocated

Table 4 (AMF nomenclature)

Stock subscription or purchase options granted during the financial year to each Statutory Corporate Officer by the Company or any Group company						
	Plan no. and date	Option type (purchase or subscription)	Valuation of the options according to the method used for the combined financial statements	Number of options granted during the financial year	Exercise price	Exercise period
Mrs. Anne Bouverot, Chairperson of the Board of Directors			None			
Mr. Christian Roberton, Chief Executive Officer			None			



Table 5 (AMF nomenclature)

Stock subscription or purchase options exercised during the financial year by each Statutory Corporate Officer			
	Plan no. and date	Number of stock options exercised	Exercise price
Mrs. Anne Bouverot, Chairperson of the Board of Directors		None	
Mr. Christian Roberton, Chief Executive Officer		None	

Table 8 (AMF nomenclature)

Historical information about the attribution of stock subscription or purchase options				
	Plan no. 1	Plan no. 2	Plan no. 3	Etc.
Date of general shareholders' meeting				
Date of the meeting of the Board of Directors				
Number of total subscription or purchase options, of which number are available for subscription or purchased by				
Starting date for the exercise of options				
Expiry date				
Exercise price			None	
Terms and conditions of exercise (if the plan comprises several tranches)				
Number of shares subscribed (at the most recent date)				
Total number of stock subscription or purchase options cancelled or lapsed				
Number of stock subscription or purchase options outstanding at the end of the financial year				

Table 9 (AMF nomenclature)

Stock subscription or purchase options granted to the top ten employees who are not corporate officers and stock subscription or purchase options exercised by them				
	Total number of options allocated/of shares subscribed or purchased	Weighted average price	Plan n°1	Plan n°2
Options granted during the financial year by the Company and by any company included within the stock option plan scope to the top ten employees of the Company and of any company included within that scope, who were allocated the highest number of options (global information)	None			
Options held during the financial year in the Company and the above mentioned companies, exercised by the top ten employees of the Company and of those companies with the highest number of options thus purchased or subscribed (aggregate figure)				

#### 14.1.4 Performance shares

Table 6 (AMF nomenclature)

Free shares granted during the financial year to each Statutory Corporate Officer by the Company or any Group company						
	No. and date of the plan	Number of shares granted during the financial year	IFRS valuation of the shares	Vesting date	Availability date	Performance conditions
Mrs. Anne Bouverot, Chairperson of the Board of Directors				N/A		
Mr. Christian Roberton, Chief Executive Officer				N/A		

Table 7 (AMF nomenclature)

Free shares that became available during the financial year for each Statutory Corporate Officer			
	No. and date of the plan	Number of shares that became available during the financial year	Vesting conditions
Mrs. Anne Bouverot, Chairperson of the Board of Directors		None	
Mr. Christian Roberton, Chief Executive Officer		None	

Table 10 (AMF nomenclature)

Record of free shares awarded				
Information on free shares				
Date of general shareholders' meeting	Plan no. 1	Plan no. 2	Plan no. 3	Etc.
Date of the meeting of the Board of Directors				
Total number of shares granted, of which number of shares granted to:				
Vesting date of the shares				
Date of the end of the retention period				
Performance conditions		None		
Number of performance shares granted (at the most recent date)				
Number of bonus shares subscribed and held at (the most recent date)				
Total number of cancelled or lapsed shares				
Number of shares outstanding at the end of the financial year				

- 14.2 COMPENSATION POLICY FOR THE STATUTORY CORPORATE OFFICERS AND THE MEMBERS OF THE BOARD OF DIRECTORS AT THE DATE OF ADMISSION OF THE COMPANY'S SHARES ON THE REGULATED MARKET OF Euronext Paris

#### 14.2.1 Compensation policy for the Statutory Corporate Officers

The Company's compensation policy for the Statutory Corporate Officers will be set each year by the Board of Directors based on the recommendations of the Remuneration & Talent Committee, which will assist in particular the Board of Directors in determining and evaluating the compensation and benefits of the Statutory Corporate Officers according to their level of responsibility and the time spent on their duties. It is indicated that the majority of the members of the Remuneration & Talent Committee are independent (see Section 15.4.3 "Remuneration & Talent Committee" of this Prospectus).

In accordance with article L. 22-10-8 II of the French Commercial Code, the compensation policy will be subject to a shareholders' vote every year.

Any change in the compensation policy for the Statutory Corporate Officers will be based on performance and/or changes in the Company's strategy and market shares.

The Company's compensation policy will take into account the Company employees' compensation and employment conditions.

#### 14.2.1.1 Compensation policy for the CEO

The Company's compensation policy for the CEO described below has been set by the Board of Directors' meeting held on 22 July 2022 in compliance with the recommendations of the AFEF-MEDEF.

As of the date of the admission of the Company's Shares to trading on Euronext Paris, for the financial year ending 31 December 2022, with the purpose to align potential future gain with shareholder interest, the compensation package of the CEO will be as follows:

##### ***Fixed and variable compensation***

- Base salary: £580,000 payable in monthly instalments over 12 months.
- Annual variable gross compensation subject to achievement of performance objectives for the considered year which will be determined each year by the Board of Directors. The objectives will comprise quantitative and qualitative criteria relating to the financial objective of the Group, corporate social responsibility matters and individual objectives. The annual variable gross compensation shall amount to £696,000 at 100% achievement with a ceiling of £1,160,000.

The applicable performance criteria will be defined by the Board of Directors with the assistance of the Remuneration & Talent Committee, once the Distribution has been completed, and will be the subject of a public disclosure.

It is further specified that the Board of Directors will set each year a threshold for each financial performance criterion above which the CEO will be entitled to part of the variable compensation on a prorata basis.

The payment of the annual variable compensation will be subject to the prior approval of the Company's annual shareholders' general meeting pursuant to article L. 22-10-34 of the French Code de commerce.

Performance conditions (qualitative and quantitative) applicable to variable remuneration will be adapted to the new strategy of the Group. Such conditions shall be determined by the Board of Directors after good faith consultation with the CEO and shall be consistent with conditions set for the Company's broader compensation plans.

##### ***Long-Term Plans***

###### *Cash plan*

The CEO will be granted a 3-years cash plan (covering 2023-2024-2025) under the following conditions:

- At target payout: equivalent in pounds sterling to €2,200,000 over the 3 years' period (i.e., €733,333 on target pay-out per year);
- Performance criteria will be aligned with LTI Performance Share Plan criteria;
- Annual advanced payment and adjustment at the end of the plan;
- Presence condition: be an active employee at time of payment.

This plan will be effective for a period of three years and will not be renewed, unless otherwise recommended by the Remuneration & Talent Committee and approved by the Board of Directors, and subject to a favorable vote of the Company's general meeting.

### *Performance shares*

A long-term incentive plan under which the CEO would benefit from a grant of free performance shares of the Company (the “**Performance Shares**”) in Q4 2022, for a number of shares equivalent in value to €2,000,000 at the Performance Shares’ date of grant, will be submitted for approval to a subsequent Company’s shareholders’ meeting (conditioned upon the spin-off).

The vesting of the Performance Shares shall be subject to:

- Performance conditions which will be determined by the Board of Directors after good faith consultation with the CEO, to be assessed over a minimum three-year period. Such conditions will be adapted to the strategy to be set by the Board of Directors and established in order to align the CEO with long term shareholders interest, being consistent with conditions set for the Company’s broader incentive plans, if any.
- A presence condition throughout the entire three-year vesting period (except in case of death or invalidity) with limited exceptions which will be set up by the Board of Directors.

In addition, the Board of Directors will have to decide on the following elements:

- the IFRS valuation of long-term instruments, which could be granted under a long-term incentive plan, will not represent a disproportionate percentage of the Chief Executive Officer’s overall compensation (not more than 200% of the fixed compensation and the target annual variable compensation);
- the CEO must formally undertake not to use hedging instruments during the lock-up period.

Finally, the CEO shall undertake to retain a minimum of 20% of the vested Performance Shares until the end of his/her term as CEO.

### *Others*

- Benefits in kind: benefits in kind customary within the Group (mandatory pension plan available to all Group employees, health and disability insurance, liability insurance for directors and officers) and reimbursement of certain expenses related to legal advice, and travel and accommodation expenses related to the need for the CEO to spend part of his time at the headquarters (Paris, France) in accordance with the Group’s travel policy.
- Compensation as a director: the CEO does not receive any remuneration for his duties as a director.
- Exceptional compensation: the CEO is not eligible for any exceptional compensation.
- Supplementary pension plan: the CEO does not benefit from any supplementary pension plan.
- Severance indemnity: In the event of departure of the CEO, other than in the event of resignation or in the event that the CEO would assert his right to retire, he will be entitled to receive a severance payment equivalent to one year’s salary (fixed and variable compensation based on the achievement of objectives) subject in full to the CEO having achieved 80% of the objectives governing his variable annual compensation for the year preceding his departure. The fixed portion of compensation will be calculated on a pro rata basis; the variable annual portion will also be calculated on a pro rata basis and according to the achievement of the objectives set under the terms of the compensation policy.

#### 14.2.1.2 Compensation policy for the Chairperson

The Company’s compensation policy for the Chairperson described below has been set by the Board of Directors’ meeting held on 8 July 2022 in compliance with the recommendations of the AFEP-MEDEF.

The compensation policy for the Chairperson of the Board of Directors as of the date of the admission of the Company’s Shares to trading on Euronext Paris, for the financial year ending 31 December 2022, is based on a comparative study of the systems in place in comparable entities that have adopted the same mode of governance as the Company and opted for the separation of functions.

### ***Compensation structure***

The remuneration structure of the non-executive Chairperson of the Board of Directors consists exclusively of a fixed annual cash remuneration, it being specified that the Chairperson of the Board of Directors does not receive any remuneration for his duties as a director.

He/she does not receive any variable annual or multi-year compensation, nor any stock options or performance shares. In addition, he/she is not eligible for any severance pay or other commitment in the event of termination of his/her duties and may not be awarded exceptional compensation. The Chairperson of the Board of Directors is not bound to the Company or to any other Group company by an employment contract.

### ***Fixed annual compensation***

The fixed annual compensation of the Chairperson of the Board of Directors is intended to remunerate him/her for the extensive responsibilities attached to this corporate office as set out in the law, the articles of association and the internal rules of the Board of Directors, including specific assignments entrusted to him/her by the Board of Directors, such as those that he/she may carry out in consultation with General Management.

This remuneration also takes into account the background of the person concerned and in particular his or her skills, aptitudes and experience in carrying out this function.

As indicated above, this remuneration is in line with market practices observed for the remuneration of non-executive chairmen in comparable companies.

The fixed annual remuneration can in principle only be reviewed at relatively long intervals such as the end of the mandate. However, it may be reviewed at an earlier interval and, if necessary, during the term of office, if particular circumstances such as a significant change in the scope of responsibilities or in the positioning of the Company so justify. Any review during the term of office will be made public.

The Chairperson's fixed annual compensation is set at 250,000 euros, payable in twelve equal monthly instalments.

### ***Benefits in kind***

The Chairperson of the Board of Directors is treated as an employee for social security purposes and is entitled to benefits in kind that are customary for all Group executives and employees (i.e., compulsory pension scheme, health insurance and disability cover, excluding unemployment cover.)

The Board of Directors may also decide to grant the Chairperson of the Board of Directors a benefit in kind, which may for example consist of an allowance for the vehicle he/she uses for business purposes or any other equivalent form.

## **14.2.2 Compensation policy for the members of the Board of Directors**

The Company's compensation policy is defined to be in its best corporate interest and to attract, motivate and retain highly qualified profiles who have the potential to contribute to the Company's success and sustainability, which depends on the achievement of its strategic, commercial and financial objectives in both the medium and long term.

### ***Overall annual budget***

The total annual budget for directors' compensation has been set by the general meeting of the Company held on 8 July 2022 at 750,000 euros.

### ***Rules of allocation***

The total remuneration paid to the directors consists of a fixed remuneration, a variable remuneration based on the attendance of the members, and, where appropriate, a travel allowance.

Variable remuneration, which is predominant, depends exclusively on the attendance of directors at meetings of the Board of Directors and its committees. Additional fixed compensation is paid to the Chairmen of the Board Committees, to take account of the level of responsibility incurred and the work involved in these functions.

The rules of allocation are as follows:

- a fixed remuneration of 30,000 euros for each director (prorated in the event of the beginning or end of the term of office during the year);
- a variable remuneration of 3,000 euros for each meeting of the Board of Directors;
- fixed compensation for each Committee Chairperson, as follows:
  - 15,000 euros for the Chairperson of the Audit Committee, and
  - 10,000 euros for the other Committee Chairpersons;
- variable compensation for each committee meeting, namely:
  - 2,500 euros for the Audit Committee, and
  - 1,500 euros for the other committees,
- a travel allowance of 2,500 euros per Board meeting involving travel by a director from one country to another in Europe or within the same continent, and 4,000 euros per Board meeting involving travel by a director from outside the continent, in particular to or from the United States;
- a maximum of 15,000 euros may be allocated to directors who have undertaken a specific mission during the year, in accordance with the rules governing regulated agreements.

Directors may not receive any other compensation than that mentioned above and are in particular not eligible for the grant of stock options, performance shares or any other long-term compensation, nor will they benefit from any commitment in the event of termination of their duties.

It is also specified that:

- no variable compensation will be paid for meetings lasting less than one hour;
- no compensation will be paid to the CEO or to the employee directors for their duties as directors;
- all of the above compensation elements may be reduced by the Board of Directors in the event of a very high number of meetings in order to comply with the annual compensation package granted by the annual general meeting,
- directors representing employees are not entitled to any remuneration as directors and the share retention obligation does not apply to them, and
- pursuant to the Board of Directors' internal regulation, each member of the Board of Directors shall acquire at least one hundred (100) Company's Shares within six (6) months of his or her appointment. In addition, each member of the Board of Directors shall acquire Company's Shares for an amount (acquisition price) at least equal to 50% of his or her annual fixed remuneration due in his or her capacity as director, within twenty-four (24) months of his or her appointment.

#### 14.3 TOTAL AMOUNTS SET ASIDE OR ACCRUED BY THE COMPANY OR ITS SUBSIDIARIES TO PROVIDE FOR PENSION, RETIREMENT OR SIMILAR BENEFITS TO THE BENEFIT OF CORPORATE OFFICERS AND SENIOR EXECUTIVES

The Company has not made provision for any sum in respect of the payment of pensions, retirement benefits or other similar benefits to the benefit its corporate officers and senior executives.

## 15. RULES APPLICABLE TO CORPORATE BODIES AND MANAGEMENT COMMITTEES

### 15.1 TERM AND DURATION OF OFFICE OF MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

Information on the dates of expiration of the terms of office of members of the Board of Directors and management and information on the period during which each person has served in that office is set out in Section 13.1 “*Composition of administrative, supervisory and management bodies*” of this Prospectus.

### 15.2 INFORMATION ON SERVICE CONTRACTS BETWEEN MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES AND THE COMPANY OR ANY OF ITS SUBSIDIARIES

As of the date of this Prospectus and to the Company’s knowledge, there are no service contracts between members of the Board of Directors and the Company or any of its subsidiaries providing for the granting of benefits upon termination of employment.

### 15.3 LEAD INDEPENDENT DIRECTOR

As part of the new governance, it is intended that the Board of Directors appoint Mr. Xavier Cauchois as Lead Independent Director. The main provisions of the internal rules applying to the Lead Independent Director are set out below.

The Board of Directors can decide to appoint a Lead Independent Director if it considers that it would be useful or necessary in order to offer additional assurances regarding the proper functioning of the Board of Directors and the balance of the powers within it. The Board of Directors may decide to appoint a Lead Independent Director in order to optimize the balance of power and the management of potential conflicts of interest (i) in the event that the functions of Chairperson and Chief Executive Officer are combined, or (ii) in the event that the Chairperson of the Board of Directors is not considered independent.

The main duties of the Lead Director are to assist the Chairperson in organising the work of the Board of Directors, and to manage relations with the independent directors and with the shareholders.

The Lead Independent Director chairs the meetings of the Board of Directors if the Chairperson is absent and acts as Chairperson if the Chairperson is unable to carry out his or her role. The Lead Independent Director acts as a liaison between the independent directors and the other members of the Board of Directors and the Management. He or she maintains a regular and open dialogue with each of the board members, particularly the independent directors. The Lead Independent Director seeks to prevent the occurrence of situations of conflict of interest, notably by promoting awareness of the issue. He or she brings to the Board of Directors’s attention any conflicts of interest that he or she may have identified concerning the executive corporate officers (*dirigeants mandataires sociaux*) and the other members of the Board of Directors. The Lead Independent Director takes note of requests from the shareholders concerning corporate governance and ensures that responses are provided. The Lead Independent Director can be appointed by the Board of Directors as Chairperson or member of one or more Board Committees. The Lead Independent Director reports to the Board of Directors once a year on the performance of his or her assignment. At general meetings of the shareholders, he or she can be asked by the Chairperson to report on his or her work.

### 15.4 COMMITTEES OF THE BOARD OF DIRECTORS

As of the date of this Prospectus, the Company is incorporated in the form of a French *société anonyme* with a Board of Directors (*conseil d’administration*).

As part of the new governance, it is intended that three (3) Board of Directors’ committees will be created: an audit, internal control and risk committee (the “**Audit Committee**”), a governance and social responsibility committee (the “**Governance & Social Responsibility Committee**”), and a remuneration & talent committee (the “**Remuneration & Talent Committee**”). The composition of the committees (as set forth below) will follow the recommendations of the AFEP-MEDEF Code.

The main provisions of the internal rules applying to the Audit Committee, the Governance & Social Responsibility Committee and the Remuneration & Talent Committee are set out below.



### 15.4.1 The Audit Committee

#### *Composition*

The Audit Committee will be composed of at least three (3) members. At least two thirds (2/3) of the members of the Audit Committee shall be nominated from among the independent board members and none of them shall be Statutory Corporate Officers. The members of the Audit Committee must have appropriate accounting and financial skills and expertise.

The contemplated composition of the Audit Committee as of the listing of the Company's Shares on Euronext Paris will be as follows: Mr. Xavier Cauchois, Mrs. Katherine Hays and Mrs. Christine Laurens. It is contemplated that Mr. Xavier Cauchois be the Chairperson of the Audit Committee.

The Audit Committee may hear, in addition to the directors, the statutory auditors as well as the executives in charge of internal control and risk management, and compliance.

#### *Duties*

The Audit Committee is responsible for overseeing matters relating to the preparation and auditing of accounting and financial information, and for ensuring the risk monitoring process and operational internal control procedures are effective, so as to facilitate the Board of Directors' role of oversight and audit in this area.

In this respect, the Audit Committee's role notably includes the following main tasks:

- oversight of the process of preparing financial information;
- monitoring the effectiveness of the internal control and risk management procedures and, as the case may be, internal audit procedures relating to accounting, financial and non-financial information;
- monitoring the legally-prescribed auditing of the Company's individual and consolidated (or combined) accounts;
- monitoring the independence of the statutory auditors and approval of the services other than the auditing of accounts; and
- compliance.

### 15.4.2 Governance & Social Responsibility Committee

#### *Composition*

The Governance & Social Responsibility Committee will be composed of at least three (3) members of the Board (including the Chairperson of the Board), the majority of whom shall be nominated from among the independent board members.

The contemplated composition of the Governance & Social Responsibility Committee as of the admission to trading of the Company's Shares on Euronext Paris will be as follows: Mrs. Anne Bouverot, Mrs. Katherine Hays and Mr. Xavier Cauchois. It is contemplated that Mrs. Anne Bouverot be the Chairperson of the Governance & Social Responsibility Committee.

#### *Duties*

The purpose of the Governance & Social Responsibility Committee is (i) to submit proposals to the Board pertaining to the Company's corporate governance, the appointment of the Chairperson of the Board, the CEO, and, where applicable, the Vice-Chairperson of the Board and the Deputy Chief Executive Officer (*Directeur général délégué*), as well as Board members, the observer (*censeur*) and Board committee members.

The Committee shall have especially the following duties with respect to corporate governance and appointments of corporate officers:

- make recommendations as to the decision to unify or separate the roles of Chairperson of the Board and Chief Executive Officer;

- make recommendations to the Board for the definition of the composition of the Board and of Board Committees;
- make recommendations as to the appointment of directors, Chairperson, Chief Executive Officer and when applicable other Statutory Corporate Officers;
- examine the desirable balance of the composition of the Board and its committees;
- assist the Board of Directors in determining which directors qualify as “independent” and the criteria used to determine director independence;
- assist the Board of Directors develop and recommend to the Board for its approval a process for evaluating the functioning of the Board and its committees;
- set up succession plans for the Statutory Corporate Officers;
- investigate and recommend to the Board modifications which may be brought to the Company’s articles of association, to the charters of the Board of Directors and Committees and to the Group’s governance;
- review the compliance by the Company with established corporate governance principles.

The Committee shall also be in charge of reviewing the strategic orientations, initiatives and commitments relating to Technicolor Creative Studios’ Corporate Social Responsibility (“**CSR**”) matters and especially diversity, equity & inclusion, social, environmental matters (including climate change), ethical, consumer and human rights concerns arising from the Group’s activities and/or to be integrated into the business strategy. In that role, the Committee will have, inter alia, the following duties:

- review and monitor the Company’s CSR commitments and orientations, assess the extent to which they meet stakeholder’s expectations, and more generally ensure that CSR is taken into account when developing and implementing corporate strategy;
- review the main risks and opportunities in the CSR area;
- review drafts of the Company’s CSR reports, and more generally ensure that all related disclosures required by applicable legislation have been made;
- identify and discuss emerging trends in CSR, and ensure that the Company is preparing the challenges specific to its operations and objectives as well as possible;
- review compliance with existing domestic and international regulations.

### **15.4.3 Remuneration & Talent Committee**

#### *Composition*

The Remuneration & Talent Committee will be composed of at least three (3) members, the majority of whom shall be nominated from among the independent board members and none of whom will be executive Statutory Corporate Officers.

The contemplated composition of the Remuneration & Talent Committee as of the admission to trading of the Company’s shares on Euronext Paris will be as follows: Bpifrance Participations SA, represented by Thierry Sommelet, Mrs. Christine Laurens, Mr. Rajan Kohli and Mrs. Anne Bouverot. It is contemplated that Mrs. Christine Laurens be the Chairperson of the Remuneration & Talent Committee and that Mrs. Anne Bouverot be temporarily a member such Committee until the appointment of the employee representative director.

#### *Duties*

The Remuneration & Talent Committee is a special committee of the Board of Directors whose main role is to assist the Board of Directors in determination and regular review of all of the remuneration and benefits of the Company’s Statutory Corporate Officers, including all deferred benefits and/or indemnities for voluntary or forced departure from the Company.

The scope of the Remuneration & Talent Committee will also include the remuneration and benefits as well as the settlement of succession plans for the Company’s key executives (including the members of the Executive Committee) who are not Statutory Corporate Officers. For setting up such succession plans, the Remuneration & Talent Committee shall be advised and assisted by the Governance & Social Responsibility Committee on diversity, equity and inclusion (“**DEI**”) aspects.

#### 15.5 STATEMENT RELATING TO CORPORATE GOVERNANCE

As from the expected admission of the Company's Shares to trading on Euronext Paris, the Company intends to follow all the recommendations of the AFEP-MEDEF Code.

The AFEP-MEDEF Code may be consulted on the Internet at the following address: [www.afep.com](http://www.afep.com).

#### 15.6 CHANGES HAVING AN IMPACT ON THE CORPORATE GOVERNANCE

Not applicable.

#### 15.7 INTERNAL CONTROL

At the date of the approval of this Prospectus, the Company and the Group are bound by the internal control rules and mechanisms put in place by Technicolor SA for all Technicolor SA Group subsidiaries. The internal control system applied within the Group is detailed in Section 3.7.2 "*Management of risks and internal control*" of this Prospectus.

Insofar as, at the date of the approval of this Prospectus, none of the Company's securities has been admitted to trading on a regulated market, the Board of Directors of the Company is not obliged to prepare a management report on the internal control and risk management procedures put in place by the Company. Similarly, the Board of Directors does not have to prepare a corporate governance report on the composition of the Board, the application of the principle of balanced representation on the Board of men and women, the manner of preparation and organisation of the work of the Board and the remuneration of the Statutory Corporate Officers.

With effect from the financial year ended 31 December 2022, and insofar as the Company's Shares are admitted to trading on Euronext Paris, (i) the Board of Directors of the Company will be obliged to prepare a management report on the internal control and risk management procedures put in place by the Company, in accordance with the provisions of article L. 225-37, L. 22-10-9 to L. 22-10-11 of the Commercial Code, which report will also contain information on the way in which the Company takes account of the social and environmental consequences of its activity and on the social commitments in favour of sustainable development, prevention of discrimination and the promotion of diversity in accordance with the provisions of Articles L. 225-102-1 and L. 22-10-36 of the French Commercial Code, and (ii) the Board of Directors of the Company will have to present a corporate governance report to the general meeting.

## **16. EMPLOYEES**

### **16.1 DESCRIPTION OF THE WORKFORCE**

#### **16.1.1 Number and breakdown of employees**

During the financial year ended 31 December 2019, the Group employed 10,329 people over ten (10) countries.

During the financial year ended 31 December 2020, the Group employed 7,348 people over ten (10) countries, which represents a net decrease of 2,981 compared to the financial year ended 31 December 2019.

In 2020, the Covid-19 pandemic stopped film shooting and generated a drastic reduction of projects for the Group. At times, when governments issued directions to close or to lockdown or to limit operations significantly, all in order to protect public health, there were consequences for staff due to the workplace closure, shortage of work, or project delays. In these cases, Technicolor SA Group worked to retain staff by using locally available furlough programs where possible and eligible. These furlough programs were generally designed to retain staff and to subsidize pay in part or in full until such time as operations could resume. Technicolor SA Group viewed the retention of staff as a critical action so that the restart or reopening of projects and locations could begin without delay as soon as possible, without the burden of seeking and rehiring talent recently on board. In order to limit permanent lay-off, when furlough and other similar programs were not possible or eligible or when shortage of work and delays of projects happened due to this pandemic, employees were advised to consider temporarily reducing their working time or their remuneration, in jurisdictions where it was legal to do so. Information on benefits, health plan coverage and governmental assistance were also delivered to the impacted employees based on a country approach. When such programs were not possible, Technicolor SA Group had unfortunately to adapt the workforce to the new situation. Laid-off temporary foreign workers willing to go back to their home country for personal reasons were also impacted at times by the public authorities' restrictions imposed on air travel, and in these cases support was offered to find flights.

During the financial year ended 31 December 2021, the Group had to face a very challenging ramp-up in terms of headcount, driven by the following business requirements:

- at MPC, revenues grew significantly driven by the continued ramp-up in production of major theatrical projects as well as increasing contributions from all the major streaming platforms;
- at The Mill, advertising revenues grew across all key markets year-on-year, driven by a faster recovery in advertising spend from Covid than anticipated;
- at both Mikros Animation and Technicolor Games, revenues grew significantly, driven by higher volumes across all segments.

The shortage of talent which impacted the entire industry was partly mitigated by significant retention and hiring action plans implemented during the year, with intense activity in the fourth quarter.

In April 2021, the Group divested the post-production business, comprised of 651 headcounts over three (3) countries.

At the end of the financial year ended 31 December 2021, the Group employed 10,695 people over ten (10) countries, which represents a net increase of 3,347 compared to the financial year ended 31 December 2020.

The table below shows the evolution of the end-of year workforce over the last three years per geographic area.

	Headcount* as of 31 March	Headcount* as of 31 December <sup>(1)</sup>		
Geographic area	2022	2021	2020	2019
Europe, Middle East and Africa .....	2,365	2,043	1,309	1,525
Asia-Pacific .....	6,482	6,028	3,954	5,433
Americas.....	2,937	2,624	2,085	3,371
<b>Total.....</b>	<b>11,784</b>	<b>10,695</b>	<b>7,348</b>	<b>10,329</b>
Of which proportion of Women	22.8%	22.3%	19.8%	21.3%
Of which proportion of Men	77.2%	77.7%	80.2%	78.7%

\* Headcount excluding independent workers.

<sup>(1)</sup> The Group's employee figures as of the referenced dates correspond to the Group's end of year audited headcount numbers excluding apprentice and Interns.

The table below shows the evolution of the number of employees over the last three years for the main employee categories:

	Headcount* as of 31 March	Headcount* as of 31 December <sup>(1)</sup>		
Employees category	2022	2021	2020	2019
Creative .....	9,162	8,310	5,390	7,502
General management.....	44	43	52	53
Site operations .....	64	57	93	146
Technical, supervision and production coordination.	1,919	1,741	1,413	2,017
R&D	109	89	24	61
Sales	29	26	42	52
Support functions	469	429	334	498
<b>Total.....</b>	<b>11,784</b>	<b>10,695</b>	<b>7,348</b>	<b>10,329</b>

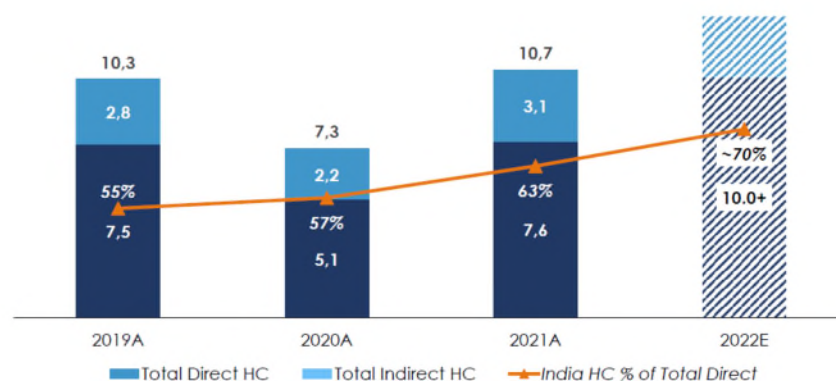
\* Headcount excluding independent workers.

<sup>(1)</sup> The Group's employee figures as of the referenced dates correspond to the Group's monthly averages.

The picture below shows the geographical footprint of the workforce as of 31 December 2021.



The table below shows the growth in total headcount (in thousands – excluding independent workers) and share of India (% of direct headcount) at the end of the financial periods.



### 16.1.2 Human resources policy

The majority of the Group's staff is made of creative digital talent combining media and technology skills with artistic skills for visual effects and animation, including artists, supervisors and producers.

This activity, as in any creative industry, is project driven, with a large majority of artists hired using a fixed-term contract tied to the project and is subject to significant turnover and recruitment rates. Artists move easily worldwide from one company to another, to join a more technically challenging project in order to improve their track record and experience, employability and remuneration, consequently leading to the creation of some tensions in the labour market. Diversity of employees is a critical success factor for this creative industry. Therefore, volume recruitment is significant and permanent and is managed on a worldwide basis, rendering the Group's attraction and retention policies critical.

Supporting those creative projects, a COO (Chief Operating Officer) worldwide organisation is providing operations' management as well as technology expertise and support.

## Talent Acquisition

The project-driven nature of the Group's activities requires the undertaking of massive recruitment campaigns throughout the year – recruiting for several hundred highly skilled jobs – at times multi-country campaigns to accompany the swift launch of large projects (film, series, games...).

In 2018, the Group created its own in-house recruitment agency to enhance its recruitment efforts, hiring for the Group's award-winning VFX studios. Due to the success of the internal recruitment teams, in 2021, its scope was expanded to include all brands and was renamed as TCS Talent.

The Group has invested heavily in developing TCS Talent's centralised recruitment organisation to break down silos, remove competition, improve internal talent mobility, and assure adherence to general data protection regulations. Integrating recruitment tools such as a centralised applicant tracking system and standardizing practices to address transparency, fairness, and inclusion throughout the recruitment workflow, internally and externally, with one centralised recruitment team has streamlined year-over-year growth.

Leveraging trained regional recruiters to represent our activities, brands, and their proposition/values, TCS Talent creates harmonization in hiring practices and efficiency. Integrating a centralised sourcer model to accompany recruitment efforts allows the team to pivot where resources are needed most. In 2021, the team achieved more than 6,500 gross direct hires amid a global pandemic, compared to 3,100 people in 2019 and 722 in 2020. With the demand for the world's best VFX artists being more significant than ever as the pandemic continues, 75 recruiters and sourcers currently make up the global TCS Talent team.

For transversal functions, recruiters and sourcers have access to and benefit from support in their professional use of online applicant tracking platforms (SmartRecruiter) and access to external recruitment sites (such as LinkedIn).

Lastly, the Group has been locally developing for many years in countries like India, an attractive employer branding that allows candidates to better recognize the Group as an employer of choice due to its culture and values.

## Talent Development

In 2020, the Group advanced its talent development platform (TCS Academy) by creating virtual academies and masterclasses.

In 2021, TCS Academy was enlarged to all brands. About 1,600 Artists were enrolled through TCS Talent to the TCS Academy, of which about 1,200 were subsequently hired or retained after the TCS Academy session completion.

<b>2021 TCS Academy</b>	<b>Women</b>	<b>Men</b>	<b>Total</b>
Number of hours of training delivered	49,117	279,408	328,525
Number of hours of training per employee trained	392.9	386.5	387.4

Due to the important number of projects and the related needed skills which must be located in different studios around the world, Strategic Workforce Planning has been introduced with the support of people analytics. It is an effective way to build a comprehensive view of our current workforce and to build short and medium-term headcount and hiring plans. Within the brands, headcount requirements are driven by revenue targets. The TCS Strategic Workforce Planning unit works with business lines to build detailed full year headcount forecasts to establish hiring requirements, attrition forecasts, location strategy & real estate requirements, software licensing and any other headcount related insights. This headcount forecast is then used as the budget target moving forward, and brand performance against these targets is monitored. Within a 6-month window, the Resource Management function works with brands to assign resources to shows, and dynamically manage peaks and troughs in schedules to ensure optimal utilization of resources and cost management. The Strategic Workforce Planning is a three-year plan, ensuring the operational structure necessary to achieve the Group's forecasted performance (in particular in real estate, people & talent and technology).

## Compensation Policy

In a competitive environment, compensation and benefits policies, including the total remuneration policy, are a key pillar of talent retention.

The remuneration policy is tailored to acknowledge and fairly recognize an employee's contribution to the short and longer-term success of the Group.

In 2018, the Group built a job architecture to cope with the evolution of this domain, of its work organisation and its skills. It had been rolled out in 2019, and fully implemented during 2020. As the Group evolves rapidly, a new update is under preparation for a roll-out during 2022.

The remuneration policy is structured around flexible and competitive fixed and variable compensation elements driven by market best practices and the Group's objectives for long-term value creation appropriate to circumstances and goals:

- **competitiveness:** appropriate internal and external benchmarks of total compensation allow the Group to offer competitive compensation packages to employees in accordance with competitive pressures in the marketplace. This ensures that the Group continues to attract, motivate and retain high potentials and key contributors for which it competes in an international marketplace, while controlling cost structures.
- **equitable approach/internal fairness:** The Group believes that it remunerates its employees on a fair basis in each of its geographical locations in a way that aligns with both local market standards and proposed Group programs. The remuneration policy allows consistent assessment of responsibility, contribution and levels of expertise on an international business basis across all businesses and functions. In addition, the remuneration policy of top executives is managed centrally by the Chief People and Talent Officer to facilitate consistency of various remuneration components and ease international and cross-business mobility.
- **business and skills focus:** the remuneration of creative and non-creative individual contributors and managers is a sound, market-driven policy and ultimately administered to stimulate business performance. A substantial part of the total remuneration package is composed of variable elements which drive a performance culture and support the Group's strategy. These variable elements are meant to stimulate, recognize and reward not only individual contribution, especially innovation and risk-taking, but also and in particular, solid and consistent group and brand performances.

At the level of Technicolor SA Group, Long Term Incentive Plans are implemented and submitted first to the Nomination and Compensation Committee's and then to the annual general meeting's approvals. Those plans are granting shares over a maximum of a three-year period. Share grants can be either or both PSU (performance shares) or RSU (restrictive shares). Performance criteria are defined over the period, composed of presence conditions and financial criteria. Same Long Term Incentive Plans are contemplated within the Group as from the admission to trading of the Company's Shares on Euronext Paris.

When legally required, the Technicolor SA Group implements, and in the future the Group will implement, profit-sharing schemes (e.g., for its holdings and subsidiaries in France) and Group Saving Plans ("*Plan d'Epargne d'entreprise*" in France) where employees can hold Group's shares through mutual funds.

## Diversity, Equity and Inclusion

At the end of 2015, a global plan for diversity and inclusion was launched in the Technicolor SA Group. The objective of this plan was to improve processes globally to ensure that practices were not discriminatory at any stage in the Technicolor SA Group, but also to promote a mindset of openness and inclusiveness globally and a willingness to bring support and assistance to persons or groups who may be under-represented compared to their regional demographics. The 4 key areas of the plan were gender diversity, disability, age, and ethnicity.

During 2020, and following the tragic events happened in the USA and the subsequent BLM (Black Live Matters) movement initiative, it became clear that a much stronger and more active culture regarding diversity, equity, and inclusion (DEI) was required from all market leaders worldwide, and so the Group established a global and company-wide DEI task force in June 2020 in order to truly become an inclusive and supportive employer. Using the cyclic process of Listen-Learn-Lead, the Group developed a first wave of working groups concerning: Gender Parity; LGBTQ+; Black Employee Network; and Ethnicity and Race.

2021 involved continued definition of KPIs for DEI, expanded external speaker series, working groups, monthly "Share Our Stories" podcasts, continuous updates to Intranet resources, a global DEI calendar to celebrate key events, and a DEI-focused training curriculum open to all employees.

Same plans for diversity and inclusion are contemplated within the Group as from the admission to trading of the Company's Shares on Euronext Paris.



## Employment and integration of disabled people

Depending on national legislation, legal requirements to integrate disabled persons or to hire a specified number or percentage of disabled employees, and the definition of a disabled employee, may strongly vary, or may not even exist. Also, labeling, categorizing, or making a record of an employee as disabled may be legally prevented in certain countries or subject to the individual authorization by each concerned employee who may refuse. Therefore, statistics cannot reflect the reality with accuracy. In an effort to create the safe space to speak about ability, a “Share Our Stories” podcast where employees discussed their mental health and well-being was recorded.

However, beyond the legal requirements when they exist, the Group strives to adapt our working places, to provide equal employment opportunities with no discrimination against disabled people with regard to hiring, training, allocation of work, promotion, or reward, and seeks to eliminate employment barriers and to accommodate disabled employees. In that regard, employment of people who have a disability is part of our non-discrimination policy.

- in France, a new agreement was signed in 2019 with labour representatives in support of the Group’s *Mission Handicap – France* program. Aligned with our governance and social responsibility engagements, this new agreement reaffirms the determination of the Group to include and support employees with disabilities. Focused on three critical aspects, the agreement aims at increasing recruitment of persons with disabilities; encouraging job retention and career development of employees with disabilities and increasing the use of service providers with disabled employees;
- in Canada, the Group’s policy recognizes and promotes the hiring of persons with disability, and all staff participate in awareness sessions or periodic refresher training;
- in the UK, a joint industry network under the name of access: VFX, which is a global, industry-led, non-profit network composed of 40 leading companies, industry bodies and educational establishments in the VFX, animation and games industries, focuses on actively pursuing and encouraging inclusion, diversity, awareness and opportunity under its four pillars of Inspiration, Education, Mentoring and Recruitment.

### 16.2 SHAREHOLDINGS AND STOCK OPTIONS

#### 16.2.1 Shareholdings

At the date of the approval of this Prospectus, no member of the Board of Directors and management as composed following the admission to trading of the Company’s Shares on Euronext Paris, has a stake in the Company’s capital.

Nevertheless, the following persons own Technicolor SA shares and will therefore own Company’s Shares following the allotment of the Company’s Shares by Technicolor SA:

- Mrs. Anne Bouverot, which owns 49,533 Technicolor SA shares,
- Bpifrance Participations SA, which owns 21,129,805<sup>14</sup> Technicolor SA shares,
- Mr. Xavier Cauchois, which owns 6,030 Technicolor SA shares, and
- Mrs. Christine Laurens, which owns 555 Technicolor SA shares.

Following the implementation of the Distribution and after the Company’s shares are admitted to trading on Euronext Paris, based on the ownership of the members of the Board of Directors and management in Technicolor SA’s share capital at 30 June 2022, based on a fully diluted share capital of Technicolor SA at the Distribution Date\* (i.e., after the issuance of the shares issued upon the mandatory conversion of the MCN and the maximum number of shares issued from LTIP and Shareholders Warrants) and based on the assumption of the absence of the disposal of Technicolor SA remaining stake in the Company, and taking into account the maximum number of new Company’s Shares that may be issued, subject to the Company’s shareholders approval, on 15 September 2022, in the context of the spin-off of the Company from Technicolor SA and the internal reorganisation at Technicolor SA level, in consideration for contribution in kind of a portion of Tech 6 SAS shares (See Section 20.1.1 “*Subscribed share capital, and authorised but unissued share capital*” of this Prospectus), the shareholdings of the members of the Board of Directors and management in the Company’s would be as follows:

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<sup>14</sup> This figure amends certain shareholding information concerning Bpifrance Participations SA.

<b>Shareholdings<sup>15</sup> of the members of the Board of Directors and management</b>	<b>Number of shares</b>	<b>% of the capital</b>	<b>Number of theoretical voting rights</b>	<b>% of theoretical voting rights</b>	<b>Number of voting rights exercisable at general meetings</b>	<b>% of voting rights exercisable at general meetings</b>
Bpifrance Participations SA	39,371,852	6.93%	39,371,852	6.93%	39,371,852	6.93%
Mrs. Anne Bouverot, Chairperson of the Board of Directors	51,015	0.01%	51,015	0.01%	51,015	0.01%
Mr. Xavier Cauchois	6,623	0.00%	6,623	0.00%	6,623	0.00%
Mr. Christian Roberton, Chief Executive Officer	3,706	0.00%	3,706	0.00%	3,706	0.00%
Mrs. Christine Laurens	999	0.00%	999	0.00%	999	0.00%
Mrs. Katherine Hays	0	0.00%	0	0.00%	0	0.00%
Mr. Rajan Kohli	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>39,483,664</b>	<b>6.94%</b>	<b>39,483,664</b>	<b>6.94%</b>	<b>39,483,664</b>	<b>6.94%</b>

\* The table above assumes a fully diluted Technicolor SA number of shares of 369,219,561 (235,842,443 current number of shares + 115,384,615 shares issued upon conversion of the MCN + 17,992,503 maximum number of shares issued from LTIP and Shareholders Warrants). It further assumes that the shares issued as part of the LTIP and Shareholders Warrants are issued to the shareholders detailed in the table above.

Note: BpiFrance Participations SA shareholding in the table above does not take into account the shareholding of Caisse des Dépôts et Consignations Croissance.

## 16.2.2 Stock options and allocations of bonus shares

None. At the date of the approval of this Prospectus, neither the Company nor any Group company has put a stock option or bonus share allocation plan in place.

## 16.3 PROFIT-SHARING AGREEMENTS AND INCENTIVE SCHEMES

Information relating to arrangements for involving the employees in the capital of the Group are detailed in Section 16.1.2 “Human resources policy” of this Prospectus.

<sup>15</sup> This table amends certain shareholding information concerning Bpifrance Participations SA.

## 17. MAJOR SHAREHOLDERS

### 17.1 SHAREHOLDERS

At the date of the approval of this Prospectus, the Company's capital and voting rights are wholly owned directly and indirectly by Technicolor SA.

The table below presents the current Company's shareholding structure at the date of the approval of this Prospectus:

Shareholders	Number of shares	% of the capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings
Technicolor SA	149,999	100.00%	149,999	100.00%	149,999	100.00%
Thomson Sales Europe SAS <sup>(1)</sup>	1	0.00%	1	0.00%	1	0.00%
<b>Total</b>	<b>150,000</b>	<b>100.00%</b>	<b>150,000</b>	<b>100.00%</b>	<b>150,000</b>	<b>100.00%</b>

(1) a wholly owned subsidiary of Technicolor SA, which acquired one (1) ordinary share of the Company pursuant to a share loan agreement entered into on 11 May 2022 for an indefinite period and which may be terminated at any time by Technicolor SA.

The Distribution will be subject to shareholder approval at the ordinary part of the combined general meeting of Technicolor SA shareholders meeting, due to take place on 6 September 2022. Technicolor SA should still own about 35% of the Company's share capital and voting rights of the Company following the implementation of such Distribution. However, it is specified that the disposal of the Technicolor SA remaining stake will be considered by Technicolor SA ahead of or following the spin-off, depending on market conditions, with a view to further and significantly deleverage both new entities. Any decision from Technicolor SA to consider a serious offer from a potential acquirer would be disclosed and accompanied from appropriate legal and regulatory disclosures.

Immediately preceding the Distribution, based on the ownership of Technicolor SA's share capital at 30 June 2022, based on a fully diluted share capital of Technicolor SA at the Distribution Date\* (i.e., after the issuance of the shares issued upon the mandatory conversion of the MCN and the maximum number of shares issued from LTIP and Shareholders Warrants), the Technicolor SA's shareholding structure would be as follows:

Shareholders <sup>16</sup>	Number of shares	% of the capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings
Angelo Gordon & Co. LP	79,671,524	21.58%	79,671,524	21.58%	79,671,524	21.58%
- Bpifrance Participations SA	39,371,852	10.66%	39,371,852	10.66%	39,371,852	10.66%
- Caisse des Dépôts et Consignations	1,644,986	0.45%	1,644,986	0.45%	1,644,986	0.45%
Total Bpifrance Participations SA + Caisse des Dépôts et Consignations	41,016,838	11.11%	41,016,838	11.11%	41,016,838	11.11%
Briarwood Chase Management LLC	32,291,823	8.75%	32,291,823	8.75%	32,291,823	8.75%
Baring Asset Management Ltd	29,016,111	7.86%	29,016,111	7.86%	29,016,111	7.86%
Credit Suisse Asset Management	27,464,434	7.44%	27,464,434	7.44%	27,464,434	7.44%
Bain Capital Credit, LP	25,272,293	6.84%	25,272,293	6.84%	25,272,293	6.84%
Farallon Capital Management, L.L.C.	23,653,528	6.41%	23,653,528	6.41%	23,653,528	6.41%
Goldman Sachs Group. Inc.	15,474,103	4.19%	15,474,103	4.19%	15,474,103	4.19%
Invesco Advisers. Inc.	10,032,900	2.72%	10,032,900	2.72%	10,032,900	2.72%
BNP Paribas Asset Management Holding	5,080,490	1.38%	5,080,490	1.38%	5,080,490	1.38%
Other	80,245,516	21.73%	80,245,516	21.73%	80,245,516	21.73%
<b>Total</b>	<b>369,219,561</b>	<b>100.00%</b>	<b>369,219,561</b>	<b>100.00%</b>	<b>369,219,561</b>	<b>100.00%</b>

<sup>16</sup> This table amends certain shareholding information concerning Bpifrance Participations SA and Caisse des Dépôts et Consignations.

\* The table above assumes a fully diluted Technicolor SA number of shares of 369,219,561 (235,842,443 current number of shares + 115,384,615 shares issued upon conversion of the MCN + 17,992,503 maximum number of shares issued from LTIP and Shareholders Warrants). It further assumes that the shares issued as part of the LTIP and Shareholders Warrants are issued to the shareholders detailed in the table above.

Following the implementation of the Distribution and after the Company's shares are admitted to trading on Euronext Paris, based on the ownership of Technicolor SA's share capital at 30 June 2022, based on a fully diluted share capital of Technicolor SA at the Distribution Date and based on the assumption of the absence of the disposal of Technicolor SA remaining stake in the Company, and taking into account the maximum number of new Company's Shares that may be issued, subject to the Company's shareholders approval, on 15 September 2022, in the context of the spin-off of the Company from Technicolor SA and the internal reorganisation at Technicolor SA level, in consideration for contribution in kind of a portion of Tech 6 SAS shares (See Section 20.1.1 "Subscribed share capital, and authorised but unissued share capital" of this Prospectus), the Company's shareholding structure would be as follows:

Shareholders <sup>17</sup>	Number of shares	% of the capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings
Technicolor SA	198,810,533	35.00%	198,810,533	35.00%	198,810,533	35.00%
Angelo Gordon & Co. LP	79,671,524	14.03%	79,671,524	14.03%	79,671,524	14.03%
- Bpifrance Participations SA	39,371,852	6.93%	39,371,852	6.93%	39,371,852	6.93%
- Caisse des Dépôts et Consignations	1,644,986	0.29%	1,644,986	0.29%	1,644,986	0.29%
Total Bpifrance Participations SA + Caisse des Dépôts et Consignations	41,016,838	7.22%	41,016,838	7.22%	41,016,838	7.22%
Briarwood Chase Management LLC	32,291,823	5.68%	32,291,823	5.68%	32,291,823	5.68%
Baring Asset Management Ltd	29,016,111	5.11%	29,016,111	5.11%	29,016,111	5.11%
Credit Suisse Asset Management	27,464,434	4.84%	27,464,434	4.84%	27,464,434	4.84%
Bain Capital Credit, LP	25,272,293	4.45%	25,272,293	4.45%	25,272,293	4.45%
Farallon Capital Management, L.L.C.	23,653,528	4.16%	23,653,528	4.16%	23,653,528	4.16%
Goldman Sachs Group. Inc.	15,474,103	2.72%	15,474,103	2.72%	15,474,103	2.72%
Invesco Advisers. Inc.	10,032,900	1.77%	10,032,900	1.77%	10,032,900	1.77%
BNP Paribas Asset Management Holding	5,080,490	0.89%	5,080,490	0.89%	5,080,490	0.89%
Public	80,245,516	14.13%	80,245,516	14.13%	80,245,516	14.13%
<b>Total</b>	<b>568,030,094</b>	<b>100.00%</b>	<b>568,030,094</b>	<b>100.00%</b>	<b>568,030,094</b>	<b>100.00%</b>

\* The table above assumes a fully diluted Technicolor SA number of shares of 369,219,561 (235,842,443 current number of shares + 115,384,615 shares issued upon conversion of the MCN + 17,992,503 maximum number of shares issued from LTIP and Shareholders Warrants). It further assumes that the shares issued as part of the LTIP and Shareholders Warrants are issued to the shareholders detailed in the table above.

- **Technicolor SA:** Technicolor SA is a public limited company (*société anonyme*) with share capital of €2,358,245.55, having its registered office at 8-10 rue du Renard, 75004 Paris, France and registered with the Paris Trade and Companies Register under number 333 773 174.
- **Angelo Gordon & Co. LP:** Angelo Gordon & Co., L.P: Angelo Gordon & Co., L.P is a limited partnership having its business address at 245 Park Avenue New York, NY 10167 United States and incorporated in the state of Delaware (United States) under number 2169796.

It is specified, that neither Technicolor SA, nor the Company, nor any Technicolor SA shareholders are as of the date of this Prospectus, or will be post spin-off, subject to lock-up agreements.

There are no shareholders' agreements or action in concert.

<sup>17</sup> This table amends certain shareholding information concerning Bpifrance Participations SA and Caisse des Dépôts et Consignations.

## 17.2 STATEMENT RELATING TO VOTING RIGHTS OF THE COMPANY

At the date of the approval of this Prospectus, no shareholder has special voting rights. One voting right is attached to each of the Company's Shares.

The double voting right provided for by article L. 22-10-46 of the French Commercial Code is expressly excluded by the articles of association of the Company, as effective as of the admission of the Company's Shares to trading on Euronext Paris.

## 17.3 STATEMENT RELATING TO CONTROL OF THE COMPANY

At the date of this Prospectus, the Company is controlled by Technicolor SA.

On the date of admission of the Company's Shares to trading on Euronext Paris, following the allotment of the Company's shares by Technicolor SA to its shareholders, Technicolor SA should still own about 35% of the Company's share capital and voting rights, it being specified that the disposal of such stake will be considered by Technicolor SA ahead of or following the spin-off, depending on market conditions, with a view to further and significantly deleverage both new entities. Consequently, depending on the level of participation at the Company's general meetings, Technicolor SA, or the potential acquirer of its remaining stake, may be able to influence the adoption or rejection of resolutions submitted for the approval of the Company's shareholders at ordinary and/or extraordinary general meetings, and particularly the appointment or dismissal of members of the Board of Directors, approval of the annual financial statements and the distribution of dividends, as well as authorisations to increase the capital, merger or asset contribution transactions, or any other decisions requiring the approval of the Company's shareholders.

Following the allotment of the Company's shares by Technicolor SA to its shareholders, it should be noted that, if one or several individual(s) or legal entity or entities, other than Technicolor SA and Angelo Gordon & Co. LP entities, acting alone or in concert (within the meaning of article L.233-10 of the French Commercial Code), becomes the owner, directly or indirectly through companies themselves controlled by the relevant individual(s) or entities acting alone or in concert (within the meaning of article L.233-10 of the French Commercial Code), of more than fifty percent (50%) of the then outstanding voting stock of the Company, it will trigger a "change of control" under the Facilities Agreement (as defined in Section 3.3.2 "*Indebtedness*" of this Prospectus) and the lenders under such agreement will be entitled to declare all sums due under such agreement due and payable (see definition of "Change of Control" in Section 3.3.2 "*Indebtedness*" of this Prospectus).

The Company's management structure and the corporate governance measures described in Chapter 15 "*Rules applicable to corporate bodies and management committees*" of this Prospectus, and in particular the presence of independent directors representing at least half of the Board of Directors and their membership to the committees entrusted to them, are intended to guarantee that control of the Company is not "abused" within the meaning of Regulation (EU) No. 2019/980 of 14 March 2019 (as amended).

## 17.4 AGREEMENTS THAT COULD LEAD TO A CHANGE OF CONTROL

To the Company's knowledge, there is no agreement as of the date of this Prospectus the implementation of which might lead to a change of control. Considering the intention of Technicolor SA to dispose its remaining stake in the Company, an agreement between Technicolor SA and a potential acquirer of 35% of the Company's share capital and voting rights of the Company could lead to a change of control of the Company.

## **18. RELATED PARTY TRANSACTIONS**

### **18.1 PRINCIPAL RELATED PARTY TRANSACTIONS**

Parties related to the Group include primarily the Company's shareholders, its non-consolidated subsidiaries and entities over which the Group's various directors exercise at least significant influence.

Figures detailing the relationships with those related parties appear in Note 8 to the Annual Combined Financial Statements.

The principal agreements that the Group intends to conclude with the Technicolor SA Group in the context of the spin-off are detailed below. Intra-group relationships within the Group are mainly of a financial and commercial nature.

The Group already operates its activities independently within the Technicolor SA Group. As at the date of the Prospectus, only certain business transversal functions are shared between Technicolor SA and the Group and for which the Group contemplates, by the date of admission of the Company's Shares to trading on Euronext Paris, the entering into of a transitional services agreement with Technicolor SA as detailed below, or alternatively, the entering into of separate direct contracts with the third-party providers of certain transversal functions in order to split the functions into the Technicolor SA Group and the Group, mostly with the vendors of IT, licence provider and maintenance. The Group will also, by the date of admission of the Company's Shares to trading on Euronext Paris, conclude licensing agreements with the Technicolor SA Group.

In the context of the admission of the Company's Shares to trading on Euronext Paris, the Group and Technicolor SA will, prior to the completion of the spin-off, conclude an agreement dealing with the separation of the Group activities from those of Technicolor SA. In particular, this transitional agreement sets out the principles to be applied to govern the modalities of future cooperation between the Group and Technicolor SA with effect from the date on which the Company's Shares are first admitted to trading on Euronext Paris.

The estimated cost of the services provided by Technicolor SA to the Company in the context of the aforementioned agreement (as more fully described below) is specified in Section 18.1.5 below.

#### **18.1.1 Transitional Services Agreement**

##### *18.1.1.1 General presentation*

Prior to the admission of the Company's Shares to trading on Euronext Paris, Technicolor SA intends to separate certain shared business and corporate functions with the objective of ensuring that the Group is operationally independent from Technicolor SA for such business and corporate functions, such as many areas of finance and human resources activities, internal audit, real estate, CSR leadership and corporate communications from the date of the spin-off.

However, to the extent that shared business and corporate functions have not been separated prior to the admission of the Company's Shares to trading on Euronext Paris, the Company and Technicolor SA will, by the date of admission of the Company's Shares to trading on Euronext Paris, conclude an agreement under the terms of which Technicolor SA will provide the Group with a certain number of transitional services, as detailed below, on an interim transitional basis until such time as the services and support have been separated or the Group has developed the capability to provide the relevant services and support itself, has appointed a third-party provider to provide those services and support or has determined the services and support are no longer required.

##### *18.1.1.2 The services provided*

Under the terms of the Transitional Services Agreement, the Group and Technicolor SA will continue to cooperate for a transitional period, the duration of which will be fixed in coordination between the Group and Technicolor SA and vary depending on the particular services concerned up to a period of between twelve (12) to eighteen (18) months, it being specified that such term may be extended, as the case may be, subject to a maximum aggregate service term of twenty-four (24) months (the "**Transitional Period**"). The terms of the Transitional Services Agreement will enable the Group to gradually operate independently in the following areas:

*Information technology & security services* – In this area, the Transitional Services Agreement provides that the majority of services currently provided to the Group by Technicolor SA, particularly technology and security such as certain applications hosting and maintenance, networks and infrastructure services including helpdesk currently shared with other Technicolor SA entities will continue to be provided to the Group during the Transitional Period.

*Finance activities* – In this area, the Transitional Services Agreement provides that the services provided by Technicolor SA, mainly to the Group, in the area of accounts payable, accounts receivable and billing, general ledger, cash and bank and master data management will continue to be provided to the Group during the Transitional Period. Further, activities related to VAT and US tax, consolidation and Financial planning and analysis (FP&A) systems are also expected to be provided to the Group during the Transitional period.

*HR activities* – The Transitional Services Agreement provides that the services provided by Technicolor SA to the Group within select areas of HR, specifically payroll, compensation, benefits, employee master data management, HR processes optimisation, learning and development, and corporate functions talent acquisition will continue to be provided to the Group during the Transitional Period.

*Treasury* – Although all treasury specific software tools will be separated and autonomous before the spin-off date, the Transitional Services Agreement will provide that Technicolor SA will continue to provide certain treasury reporting done in Technicolor SA's consolidation and accounting tools. Also, Technicolor SA will maintain interfaces between the accounting software, managed by Technicolor SA and treasury software managed by the Group. The Group will have a dedicated team to enable it to manage its cash fully autonomously, but on some treasury subjects Technicolor SA treasury staff may continue to provide assistance during the first six months. It should be noted that the organisation and management of cash from all its subsidiaries is already centralised at the level of the Group insofar as the Group already has financing that is autonomous and legally separated from the rest of the Technicolor SA Group. From the date of the execution of the refinancing of Technicolor SA, expected to occur ahead of the date of admission of the Company's Shares on Euronext Paris (with a stand-alone portion located in the Group), there will no longer be any Treasury Management Agreements in place between the Group and Technicolor SA.

*Corporate social responsibility reporting* – The Transitional Services Agreement provides Technicolor SA will continue to provide assistance to the Company in the area of corporate social responsibility external reporting during the Transitional Period.

*Indirect sourcing* - The Transitional Services Agreement provides that the services provided by Technicolor SA to the Group in the area of sourcing for areas of common category spend will continue to be provided to the Group during the Transitional Period.

*Legal* - In this area, the Transitional Services Agreement provides that the services provided by Technicolor SA, mainly to the Group, for ancillary legal services, such as limited corporate entity maintenance and advisory services, securities filings, Board governance, or legal specialisms in which the Company does not have a dedicated resource (e.g., labour and employment law, compliance) will continue to be provided to the Group during the Transitional Period.

*Insurance* – The Transitional Services Agreement also provides that the services provided by Technicolor SA to the Group in the area of insurance, i.e. most master insurance programs, will be maintained until their regular renewal period at the end of 2022, with the exception of the Cyber insurance coverage which will be maintained during the Transitional Period.

*Travel and expenses* – The Transitional Services Agreement provides that Technicolor SA will continue to provide assistance to the Company in the area of air and ground travel, hotel booking and travel expense management during the Transitional Period.

*Facilities management* - In addition, the Transitional Services Agreement provides for a small amount of support to ensure the facilities management-related contracts are managed centrally.

The above-mentioned services and support will be provided with the same standard of care, quality and timeliness as during the year preceding the admission of the Company's Shares to trading on Euronext Paris. The Transitional Services Agreement will provide that both parties will need to compensate the other in the event that certain costs are incurred as a result of a party's failure to perform its contractual obligations under the Transitional Services Agreement. Such compensation will be on a cost-reimbursement basis only, with no intention that either party

generates profit from such compensation. In case of any dispute, an arbitration is expected to be managed by the Chairpersons of Technicolor SA's and the Company's board of directors. In case no agreement has been reached, an ultimate external arbitration will resolve any dispute.

The Company may also ask for additional services to be provided by Technicolor SA. The prices and other terms and conditions at which these additional services may be provided will have to be agreed between Technicolor SA and the Company under specific contracts to be negotiated on a case-by-case basis.

#### *18.1.1.3 Term*

Under the Transitional Services Agreement, which will enter into force at the date of admission of the Company's Shares to trading on Euronext Paris, the services to be provided by Technicolor SA to the Group will generally commence on the date of such admission and will terminate when each service has been separated during the Transitional Period.

The Company may (i) extend the term that a service is provided for, subject to a maximum aggregate service term of twenty-four (24) months; and (ii) terminate any or all services early subject to a 90 days' notice being given.

The Transitional Services Agreement may be terminated by Technicolor SA in the event of an unremedied material breach of the terms of the Transitional Services Agreement or non-payment of charges by the Company.

#### *18.1.1.4 Remuneration*

The costs for the services provided by Technicolor SA to the Group in the context of the Transitional Services Agreement will be invoiced on an economic "no gain – no loss" basis, subject to applicable fiscal and legal regulations. The costs to be incurred by the Group pursuant to the terms of Transitional Services Agreement described herein are expected to be in line with the costs historically incurred by the respective businesses constituting the Group prior to the admission of the Company's Shares to trading on Euronext Paris.

### **18.1.2 Licensing agreements**

The Group and Technicolor SA will conclude by the date of admission of the Company's Shares to trading on Euronext Paris, licensing agreements free of charge relating to intellectual property rights, for protective rights only and especially for the use of the Technicolor® trademark which is owned by Technicolor Trademark Management, which will be a wholly owned subsidiary of the Company (see Chapter 6 "*Organisational Structure*" of this Prospectus), in order to allow the Technicolor SA Group to use the trademark, to adapt all its systems and products and allow the parties to continue to operate their business. These licensing agreements, depending on their purpose (historic products or new products and processes) will be concluded either for a perpetual duration or for a time-limited duration which will not exceed fifteen (15) years.

### **18.1.3 Tax consolidation agreement**

#### *18.1.3.1 In France*

##### *18.1.3.1.1 French tax consolidations*

Technicolor SA has concluded tax consolidation agreements with the Company and its subsidiaries belonging to the French tax consolidation group headed by Technicolor SA which govern the contribution of the Company and its consolidated subsidiaries to the corporation tax and additional contribution of the group for which Technicolor SA is the sole taxpayer as head company of the Technicolor SA Group. As a result of the distribution of the Company's Shares to its shareholders, the Company and its French subsidiaries will withdraw from the scope of the French tax consolidation headed by Technicolor SA with a retroactive effect from 1 January 2022. Prior to the admission of the Company's Shares to trading on Euronext Paris, Technicolor SA, the Company and the Company's French subsidiaries will enter into an agreement for withdrawal from tax consolidation, the purpose of which will be to specify the consequences of the withdrawal from the Technicolor SA French tax group of the outgoing companies and to arrange the resulting reciprocal relationships between Technicolor SA, the Company and its French subsidiaries. This agreement will, in particular, deal with (i) degrouping costs, if any, that will be borne by Technicolor SA (noting that no such degrouping cost is currently anticipated), (ii) consequences of any tax reassessment of the Company and its French subsidiaries, in respect of any financial year in which they were members of the tax consolidation, which the Company and its French subsidiaries will bear as if they had not been



members of the group, (iii) indemnification, for a total amount of circa 3 million euros, by Technicolor SA of certain of the Company's French subsidiaries for the loss they suffer as a result of having been members of the tax consolidation and, in particular, the forfeiture of the tax losses they generated during that period which will be retained by the Technicolor SA tax consolidation and will thus not be available for future offset by the Company and its French subsidiaries (noting that this may result in an increased tax liability for the Company and its French subsidiaries for 2022 and going forward depending on their future taxable income and that the purpose of the lump-sum indemnity to be paid by Technicolor SA to the exiting French subsidiaries is to account for the forfeiture of these tax losses), and (iv) the terms of payments on account of corporation tax and additional contributions due in the twelve months following the withdrawal.

As from 1 January 2023, the Company will set up a tax-consolidated group with its eligible French subsidiaries. The Company and its eligible French subsidiaries will enter into tax consolidation agreements which will, in particular, govern the contribution of the consolidated subsidiaries to the corporation tax and additional contribution payable in respect of the taxable income of the consolidated group, for which the Company, as head company of the Group, will be the sole taxpayer.

#### *18.1.3.1.2 French Value-added tax ("VAT") payment group*

Certain French subsidiaries of the Company are members of the VAT payment group headed by Technicolor SA, from which they will exit as a result of the Distribution. It is contemplated that Technicolor SA and the relevant French subsidiaries of the Company enter into an exit agreement prior to the admission of the Company's Shares to trading on Euronext Paris. This agreement will deal with the consequences of the withdrawal of the outgoing companies from the Technicolor SA VAT payment group and arrange the resulting reciprocal relationships between Technicolor SA and the relevant French subsidiaries of the Company, in particular, the terms of repayment by Technicolor SA of any VAT credits to the relevant subsidiaries.

#### *18.1.3.2 In the United States*

As a result of transactions undertaken in connection with the spin-off, Technicolor Creative Services USA and its US affiliates will withdraw from the US consolidated group with Technicolor USA as parent and form a new consolidated group for US income tax purposes. Prior to the admission of the Company's Shares to trading on Euronext Paris, Technicolor USA and its remaining subsidiaries, on the one hand, and Technicolor Creative Services USA and its US affiliates, on the other hand, will enter into a tax separation agreement, the purpose of which will be to specify the consequences of the withdrawal from the Technicolor USA tax group of the outgoing companies and to arrange the resulting reciprocal relationships between such entities. This agreement will, in particular, provide for (i) the determination of how certain tax attributes are allocated between Technicolor Creative Services USA and its subsidiaries, on the one hand, and Technicolor USA and its remaining subsidiaries on the other, (ii) traditional indemnification provisions whereby each member agrees to be responsible for its share of any taxes arising prior to the transactions, and (iii) an on-going cooperation agreement with regard to tax return preparation, audits, and other tax matters.

#### *18.1.3.3 In the UK*

The availability of UK Group tax attributes across the UK companies will change as a result of transactions undertaken in connection with the spin-off. Specifically, Technicolor Creative Studios UK Limited and The Mill (Facility) Limited will no longer be under common 75% ownership and control with the remainder of the Technicolor SA Group which will affect the ability of the UK group to claim and surrender UK tax losses in full. As a result of the spin-off certain UK claims and elections will subsequently be considered in the context of the post transaction tax groups. Certain UK tax filings and obligations for FY21 and FY22 will fall due for Technicolor Creative Studios UK Limited and The Mill (Facility) Limited subsequent to the spin-off, in respect of the taxable periods where the Technicolor SA Group was considered one single UK tax Group. Technicolor Creative Studios UK Limited and The Mill (Facility) Limited will enter into an agreement with the remainder of the UK taxable entities in the Technicolor SA Group. This agreement will, in particular, provide for the determination of how certain tax attributes, including claims and elections, are allocated between the UK tax group prior to the spin off, and an on-going cooperation agreement with regard to tax return preparation, audits, and other related tax matters.

#### 18.1.3.4 In Australia

As a result of transactions undertaken in connection with the spin-off, Technicolor Creative Studios Australia Pty Ltd will exit the Australian Multiple Entry Consolidated tax group, and will need to enter into exit deeds with the provisional head company of the Australian tax group (Technicolor Pty Ltd) to deal with the payment of any applicable clear exit payments in relation to any tax contribution amount due by Technicolor Creative Studios Australia for the tax period prior to exit. This is relevant for corporate income tax and may also be relevant for Goods and Services Tax. These agreements are intended to allow Technicolor Creative Studios Australia to mitigate its exposure to joint and several liability for tax of the Technicolor Pty Ltd group.

#### 18.1.4 Impact of the admission on the Group's cost structure

The Group will have to pay certain costs specifically associated with the admission of the Company's Shares to trading on Euronext Paris, particularly auditing expenses, bank consultancy fees, legal fees and financial communication expenses incurred specifically in respect of the transaction (consultancy, advertising, agency fees, etc.). The overall amount of these costs is estimated at about €35 million, on the understanding that this estimate takes account of the method of distribution agreed between the Group and Technicolor SA.

The admission of the Company's Shares to trading on Euronext Paris will give rise to additional recurring costs associated with the setting up of the structures that are usually necessary for a listed company, such as: (i) an increase in the costs associated with the acquisition on its own account of certain equipment or the recruitment of additional staff; (ii) an increase in the costs associated with the Company's new governance structure (directors' fees, cost of general meetings, etc.); (iii) an increase in legal and auditing fees and other expenses associated with the regulatory obligations of a listed company, particularly in the area of financial communication; and (iv) the Group will have to bear the cost of any Technicolor Creative Studios stock option programme or of other long-term profit-sharing plans of the same kind. The admission of the Company's Shares to trading on Euronext Paris will also require a strengthening of the internal teams dealing with investor relations, communication, cash management and foreign exchange transactions. The Group will have to bear costs associated with the obligations of a company whose shares are admitted to trading on Euronext Paris and with the changes that will occur in terms of the Group's relationship with Technicolor SA. The Group estimates these recurring costs at about €25 million per year.

#### 18.1.5 The transactions with related parties in the financial years ended 31 December 2019, 2020 and 2021

No related-party agreement was concluded by the Company since its incorporation on 21 December 2020. It is recalled that pursuant to the provisions of Order no. 2014-863 of 31 July 2014, agreements concluded between two companies one of which owns the entirety of the other's capital are now excluded from the related-party agreements regime.

#### 18.2 THE SPECIAL REPORTS OF THE STATUTORY AUDITORS ON RELATED-PARTY AGREEMENTS

Since its incorporation on 21 December 2020, the Company was in the form of a simplified joint-stock company (*société par actions simplifiée*) with a sole shareholder, and any agreements referred to in article L. 227-10 of the Commercial Code which may have been concluded were not the subject of a report from the Company's statutory auditors, who were only appointed on 12 April 2022, but were mentioned in the register of decisions of the Company's sole shareholder.

## **19. FINANCIAL INFORMATION CONCERNING TECHNICOLOR CREATIVE STUDIOS'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **19.1 THE ANNUAL COMBINED FINANCIAL STATEMENTS**

#### **19.1.1 Annual combined financial statements**

The Annual Combined Financial Statements, prepared in accordance with IFRS as adopted by the European Union, are provided in Annex I to this Prospectus.

#### **19.1.2 Statutory auditors' audit report on the Annual Combined Financial Statements**

The Statutory auditors' audit report on the Annual Combined Financial Statements is provided in Annex I to this Prospectus.

### **19.2 THE INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS**

#### **19.2.1 Interim condensed combined financial statements**

The Interim Condensed Combined Financial Statements, prepared in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial statements, are provided in Annex II to this Prospectus.

#### **19.2.2 Statutory auditors' review report on the Interim Condensed Combined Financial Statements**

The Statutory auditors' review report on the Interim Condensed Combined Financial Statements is provided in Annex II to this Prospectus.

### **19.3 AGE OF LATEST FINANCIAL INFORMATION**

The latest financial information for the Company reviewed and published in this Prospectus is the Interim Condensed Combined Financial Statements at 30 June 2022.

### **19.4 DIVIDEND POLICY**

The Company paid no dividends since its incorporation (i.e. 21 December 2020). The Group does not intend to pay dividends in the near to midterm. In the future, the Group's dividend distribution policy will take into account its results, financial position, general business conditions, financing-related constraints, external growth operations and any other factor that the Group's Board of Directors deems relevant.

The Facilities Agreement (see Section 9.5 "*Description of main financial arrangements*" of this Prospectus) to be entered into by the Company prior to the spin-off contains restrictions on payment of dividend or other distribution (whether in cash or in kind) by the Company to its shareholders subject however to agreed exceptions and baskets calculated by reference to the Adjusted EBITDA from continuing operations (as defined in Section 3.3.2 "*Indebtedness*" of this Prospectus) and/or the level of the Total Net Leverage Ratio (as defined in the Facilities Agreement) and requiring, for some of those exceptions and baskets, the absence of an event of default.

### **19.5 LEGAL AND ARBITRATION PROCEEDINGS**

The Group may be involved in a number of legal, arbitration, administrative or regulatory proceedings in the ordinary course of business which may notably include disputes with its customers, suppliers, competitors or employees, as well as tax or other authorities.

At the date of this Prospectus, the Group is not aware of any government, legal or arbitration proceedings (including any proceedings that to the Group's knowledge are pending or with which it has been threatened) that could have or have had, during the last 12 months, a material impact on the financial position, assets and profitability of the Company and/or Group.

At 31 December 2021, the Group's provisions for litigation amounted to 4 million euros.

#### 19.6 SIGNIFICANT CHANGE IN THE COMPANY'S FINANCIAL POSITION

To the Company's knowledge, there has been no significant change in the Group's financial position since 30 June 2022.

## 20. ADDITIONAL INFORMATION

This Section contains a summary of the main provisions of these articles of association concerning the Board of Directors, and specifically its operating rules and its powers, together with a synopsis of the main provisions of the Board of Directors' internal regulations that will be in effect as of the admission of the Company's Shares to trading on Euronext Paris.

### 20.1 SHARE CAPITAL

#### 20.1.1 Subscribed share capital, and authorised but unissued share capital

At the date of this Prospectus, the Company's share capital amounted to €75,000. It is made up of 150,000 shares, each with a par value of fifty euro cents (€0.5), fully subscribed for and paid-up and belonging to the same class.

In the context of the spin-off of Technicolor Creative Studios from Technicolor SA, internal reorganisation at Technicolor SA Group level will be completed by the date of admission of the Company's Shares to trading on Euronext Paris and will, subject to the Company's shareholders' approval, lead to the issue on 15 September 2022 of additional new Company's Shares in consideration for contribution in kind of a portion of Tech 6 SAS shares that will be completed in addition to the sale of the remaining portion of Tech 6 SAS by Technicolor SA to the Company (see Section 6.1 "*Group simplified legal organisational chart*" of this Prospectus). Such number of new Company's Shares to be issued will be determined so as, together with the current number of existing Company's Shares, 65% of the total number of the Company's Shares equals the number of Technicolor SA shares that will be entitled to the Distribution at the Distribution Date, in order to allow the Distribution to be completed at a ratio of one (1) Company's Share for every one (1) Technicolor SA share held. As the share capital of Technicolor SA may be increased by such date due to outstanding securities giving access to its capital, the exact number of Technicolor SA shares that will be entitled to the Distribution at the Distribution Date will only be known once the exercise of such instruments will be frozen, ahead of the contemplated issue of new Company's Shares. The contribution in kind of a portion of Tech 6 SAS shares will be made by reference to an enterprise value determined by an expert (see Section 23.3.1 of this Prospectus). The difference between the equity value of contributed shares of Tech 6 SAS and the nominal value of the number of the additional new Company's Shares issued will be allocated to additional paid-in capital of the Company.

The resolutions approved by the shareholders of the Company on 8 July 2022 subject to the non-retroactive condition precedent that the Company's Shares be admitted to trading on Euronext Paris are shown in the following table.

Type of delegated authority	Duration	Maximum nominal amount
Authorisation to transact Company shares	18 months	Not to exceed 10% of the total number of shares comprising the share capital, or 5% of the total number of shares when transacted for holding and subsequent delivery as payment or exchange in external growth transactions
Authorisation granted to the Board of Directors to reduce the share capital by cancelling treasury shares	26 months	Not to exceed 10% of the share capital per any 24 month period
Delegation of authority to the Board of Directors to increase the share capital through the capitalization of reserves, profits, additional paid-in capital or any other capitalisable amount	26 months	20% of capital
Delegation of authority granted to the Board of Directors to increase the share capital by issuing, with pre-emptive rights: ordinary shares, and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued	26 months	50% of capital <sup>(1)</sup> €750 million with respect to debt securities <sup>(2)</sup>
Delegation of authority to the Board of Directors to increase the share capital by issuing without pre-emptive rights, with a mandatory priority subscription period and through an offer to the public other than the offers referred to in Article L.411-2 of the		20% of capital <sup>(1)</sup>

Type of delegated authority	Duration	Maximum nominal amount
French Monetary and Commercial Code: ordinary shares, and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued		€750 million with respect to debt securities <sup>(2)</sup>
Delegation of authority granted to the Board of Directors to increase the share capital by issuing without pre-emptive rights, with a discretionary priority subscription period and through an offer to the public other than the offers referred to in Article L.411-2 of the French Monetary and Commercial Code: ordinary shares, and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued <sup>(4)</sup>	26 months	10% of capital <sup>(1) (3)</sup> €750 million with respect to debt securities <sup>(2)</sup>
Delegation of authority granted to the Board of Directors to decide to issue without pre-emptive subscription rights shares and/or equity securities giving access to other equity securities and/or giving entitlement to the allotment of debt securities and/or securities giving access to equity securities to be issued, within the framework of public offers referred to in 1° of Article L.411-2 of the Monetary and Financial Code	26 months	10% of capital <sup>(1) (3)</sup> €750 million with respect to debt securities <sup>(2)</sup>
Delegation of authority granted to the Board of Directors to decide to issue without pre-emptive subscription rights and through offers to the public as defined in section 1 of Article 411-2 of the French Monetary and Financial Code: shares and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity instruments to be issued	26 months	10% of capital per any 12 months
Authorisation granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase, with or without pre-emptive rights	26 months	Limit set by applicable regulations (to date, 15% of the original issue) <sup>(1)</sup>
Delegation of authority granted to the Board of Directors to issue without pre-emptive rights, in consideration for investments in-kind: ordinary shares, and/or equity instruments convertible into other equity instruments and/or with rights to debt instruments, and/or securities convertible into equity to be issued	26 months	10% of capital <sup>(1)</sup> €750 million with respect to debt securities <sup>(2)</sup>
Delegation of authority granted to the Board of Directors to issue shares reserved for the members of a company savings plan, without pre-emptive rights for shareholders other than such members	26 months	3% of capital <sup>(1)</sup>
Delegation of authority to the Board of Directors to increase the share capital by issuing, without pre-emptive rights, shares intended for an identified category of beneficiaries (employees and corporate officers of the Company and its related companies).	18 months	3% of capital <sup>(1) (5)</sup>
Authorisation of the Board of Directors to allocate new or existing shares at no cost and without pre-emptive rights to employees and corporate officers of the Company and its related companies.	38 months	3% of capital <sup>(1) (5)</sup>
Authorisation of the Board of Directors to grant stock purchase or subscription options to the eligible employees and corporate officers of the Group	38 months	3% of capital <sup>(1) (5)</sup>

*(1) The maximum overall nominal amount of the capital increases that may be completed pursuant to this delegation is counted against the total ceiling on immediate and deferred increases, set at 50% of capital.*

*(2) The maximum overall nominal amount of the debt securities that may be issued pursuant to this delegation is counted against the total ceiling on debt securities, set at €750 million.*

*(3) A sub-ceiling, set at 20% of the Company's capital, applies to these securities issues.*

*(4) Including as part of a public exchange offer initiated by the Company (Art. L. 22-10-54 of the French Commercial Code).*

*(5) The maximum aggregate nominal amount of capital increases that may be carried out pursuant to this delegation of authority shall be deducted from the overall ceiling for transactions reserved for employees, which is set at 3.0% of the Company's capital.*

### 20.1.2 Non-equity securities

At the date of the approval of this Prospectus, the Company has not issued any non-equity securities.

### 20.1.3 Shares held by or on behalf of the Company

At the date of the approval of this Prospectus, neither the Company nor any of its subsidiaries, nor any third party acting on its behalf held any of the Company's Shares.

The Company's shareholders decided on 8 July 2022 to authorise, for a period of 18 months with effect from said decision and subject to the condition precedent of the admission of the Company's Shares to trading on Euronext Paris, the Company's Board of Directors, with an option to delegate these powers as provided for in law and the regulations, in accordance with Articles L. 22-10-62 *et seq.* of the French Commercial Code, articles 241-1 to 241-5 of the General Regulation of the AMF, the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 and Commission Delegated Regulation (EU) 2016/908 of 26 February 2016 supplementing Regulation (EU) No. 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures and on the criteria, the procedure and the requirements for establishing an accepted market practice and the requirements for maintaining it, terminating it or modifying the conditions for its acceptance and with the market practices accepted by the AMF, to purchase, on one or more occasions and at times that it shall determine, a number of the Company's Shares not exceeding 10% of the total number of shares making up the share capital, at any time whatsoever, or 5% of the total number of shares making up the share capital where the Company has acquired the shares to hold them for subsequent remittance as payment or consideration in connection with a merger, spin-off or asset contribution it being specified that the number of shares that the Company may hold in any circumstances at any given time may not exceed 10% of the shares making up its share capital.

The shares may be acquired, after the Board of Directors has so decided, for the purpose of:

- maintaining a liquid market in the Company's Shares by engaging an investment services provider acting independently under a liquidity agreement that complies with the AMF-approved code of ethics;
- allocating shares to members of the Company's staff and in particular in connection with (i) employee profit sharing, (ii) any stock purchase option plan related to the Company's Shares, in accordance with the provisions of articles L. 22-10-56 and L. 225-177 *et seq.* of the French Commercial Code, or (iii) any savings plan in accordance with articles L. 3331-1 *et seq.* of the French Labour Code or any bonus share allotments pursuant to the provisions of articles L. 22-10-59 and L. 225-197-1 *et seq.* of the French Commercial Code, as well as for the purpose of any hedging transactions related to these transactions, in line with the guidelines set by the market authorities and at the times that the Board of Directors or the person acting under the authority of the Board of Directors shall determine;
- remitting the Company's Shares upon the exercise of rights attached to negotiable securities carrying entitlement through redemption, conversion, exchange, presentation of a warrant or any other means to the allotment of the Company's Shares pursuant to the regulations in force, as well as for the purpose of any hedging transactions related to these transactions, in line with the guidelines set by the market authorities and at the times that the Board of Directors or the person acting under the authority of the Board of Directors shall determine;
- holding the Company's Shares and remitting them subsequently as payment or consideration in connection with any mergers or acquisition transactions, in accordance with market practices approved by the AMF;
- cancelling the Company's Shares as part of a reduction in the share capital;
- implementing any market practices approved by the AMF and, more generally, carrying out any transactions complying with the regulations in force.

The unit purchase price may not exceed 200% of the reference Share price set in the context of the admission of the Company's Shares to trading on Euronext Paris (or the equivalent value of this amount at the same date and in any other currency) excluding related expenses.

Nonetheless, in the event of transactions affecting the Company's share capital, including as a result of changes to the par value of the shares, an increase in capital through the capitalization of reserves followed by the issuance and allotment of bonus shares, stock splits or consolidations, the Board of Directors may adjust the aforementioned maximum purchase price to reflect the impact of these transactions on the value of the Company's Shares.

These shares may be acquired, sold or transferred and paid for by any means authorised pursuant to the regulations in force, on a regulated market, on a multilateral trading facility, via a systematic internaliser or over the counter, including through block acquisitions or sales, through the use of options or other derivatives, through warrants or, more generally, by means of negotiable securities giving their holders rights to the Company's Shares, at the times to be deemed appropriate by the Board of Directors, except during a public offer for the Company's Shares.

The Board of Directors will have full powers, with an option to delegate them as provided for in law and the regulations, in accordance with the provisions of the relevant law and regulations, to carry out the permitted reallocations of shares bought back for one of the programme's objectives to another of the programme's designated objectives, or to sell them, either on- or off-market.

The Board of Directors will inform the general meeting of the transactions performed under the conditions provided for in law.

#### **20.1.4 Other securities giving access to the share capital**

None.

#### **20.1.5 Terms of any acquisition rights and/or any obligations over authorised but unissued capital**

None.

#### **20.1.6 Share capital of any member of the Group which is under option or agreed to be put under option**

At the time of admission of the Company's Shares to trading on Euronext Paris, Technicolor SA will have granted a French law "*fiducie-sûreté*" over the remaining portion of the Company's Shares held by it which will not be allotted to its shareholders pursuant to the Distribution.

Such "*fiducie-sûreté*" will secure the obligations of Technicolor SA under a € 250,000,000 first lien financing (the "**Technicolor SA First Lien Debt**") and a € 125,000,000 second lien financing (the "**Technicolor SA Second Lien Debt**", and together with the Technicolor SA First Lien Debt, the "**Technicolor SA Debt**") with respect to which Technicolor SA has received commitments from, respectively, Barclays Bank Ireland PLC and Angelo, Gordon & Co., L.P. for and behalf of certain funds managed and/or advises and/or controlled by it pursuant to a commitment letter dated 10 June 2022. So, Barclays Bank Ireland PLC and Angelo, Gordon & Co., L.P. and their respective successors and assignees under the Technicolor SA Debt will be the beneficiaries of the "*fiducie-sûreté*", which will secure on a first ranking basis all obligations of Technicolor SA under the Technicolor SA First Lien Debt and on a second ranking basis, all obligations of Technicolor SA under the Technicolor SA Second Lien Debt.

The "*fiducie-sûreté*" agreement contains customary provisions related to *inter alia* (a) the exercise of voting rights attached to the Company's Shares transferred to the *fiduciaire* (i.e. for certain major decisions such as, among others, any decision to wind up the Company and decisions which would fall within the scope of the extraordinary shareholders' meeting of the Company in accordance with article L. 225-96 of the French Commercial Code, shall be exercised by the *fiduciaire* in accordance with the instructions given by the beneficiaries) and (b) the allocation of the distribution attached to the Company's Shares transferred to the *fiduciaire*, which distribution will automatically become an asset of the *fiducie-sûreté* and the conditions upon which they shall be applied to the prepayment of the Technicolor SA Debt. In addition, the "*fiducie-sûreté*" agreement also provides that Technicolor SA may instruct the *fiduciaire* to sell the Company's Shares and apply the sale proceeds to the prepayment of the Technicolor SA Debt to the extent that such sales comply with the conditions set forth in the Technicolor SA Debt agreements and the *fiducie-sûreté* agreement. In accordance with article 2372-3 of the French Civil Code, in case of payment default or acceleration of the Technicolor SA Debt, the beneficiaries will be entitled to request the *fiduciaire* to (i) either sell the Company's Shares and apply the sale proceeds to the payment and repayment of all sums owed to them under the Technicolor SA Debt or (ii) transfer the ownership of the Company's Shares in their favour, in each case in accordance with the conditions set forth in the *fiducie-sûreté* agreement.



The *fiduciaire* will be Equitis Gestion.

The Technicolor SA financings referred to above will be extended to Technicolor SA (and the “*fiducie-sûreté*” will be created) contemporaneously with the extension to the Company of the Facilities (as defined in Section 9.5 “*Description of main financial arrangements*”) in order to achieve the full refinancing of Technicolor SA and its subsidiaries’ (including Tech 6’s) debt as announced by Technicolor SA on 24 February 2022.

### 20.1.7 Evolution of the share capital over the past three financial years

The following table shows changes in the Company’s share capital from 21 December 2020 up to the date on which the Prospectus received its approval.

Date	Type of transaction	Pre-transaction share capital (€)	Number of shares prior to transaction	Number of new shares	Number of shares after transaction	Par value (€)	Share capital after transaction (€)
21 December 2020	Constitution	0	0	1,000	1,000	10	10,000
8 July 2022	Capital increase	10,000	1,000	149,000	150,000	10	1,500,000
8 July 2022	Capital decrease via a decrease in the value of the shares	1,500,000	150,000	N/A	150,000	0.50	75,000

## 20.2 MEMORANDUM AND ARTICLES OF ASSOCIATION

The articles of association were prepared in accordance with the laws and regulations applicable to French public limited liability companies with a Board of Directors (*société anonyme à conseil d’administration*). The principal provisions described below have been taken from the Company’s articles of association as adopted by the shareholder’s meeting on 8 July 2022 as applicable with effect from the admission of the Company’s Shares to trading on the Euronext Paris.

### 20.2.1 Corporate purpose (article 2 of the articles of association)

The Company’s purpose, directly or indirectly, both in France and in any other country, consists in:

- the acquisition of equity holdings or interests in any undertakings of any nature in any form whatsoever, whether in existence or to be created;
- the acquisition, management and disposal of any and all real property assets and rights and any and all financial instruments, and the execution of any and all financing transactions;
- the acquisition, assignment and use of any and all intellectual property rights, licences or processes;
- the manufacture, purchase, import, sale and export, anywhere, of any and all equipment and products, as well as the provision of any and all services.

It may act directly or indirectly, for its own account or for the account of third parties, whether alone or through ownership interest, agreement, association or company, with any other legal entity or individual, and carry out, in France or abroad, in any form whatsoever, any and all financial, commercial, industrial, real property or personal property transactions within the scope of its corporate purpose or involving similar or related matters.

## **20.2.2 Administrative and management bodies (articles 12 to 18 of the articles of association)**

The synopsis below summarises the principal provisions of the articles of association and the Board of Directors' internal regulations, including its operating procedures and its powers, such as will be applicable with effect from the admission of the Company's Shares to trading on Euronext Paris.

The internal regulations that the Company plans to implement, which will be adopted by the Board of Directors at a meeting after the date of the initial admission of the Company's Shares, will lay down, in addition to the provisions relating to the Board of Directors referred to below, the organisational and operational arrangements, authority and powers of the committees that the Board of Directors set up (see Section 15.4 "*Committees of the Board of Directors*" of this Prospectus).

20.2.2.1 Board of Directors (article 12 of the articles of association and articles 4, 8, 13.2 and 15.1 of the internal rules of the Board of Directors)

### *Composition*

The Company shall be administered by a Board of Directors composed of at least three (3) and no more than eighteen (18) members, subject to the exemptions provided for by the law.

The Board of Directors ensures that there is an appropriate balance in the number of women and men on the Board of Directors, and in particular, that the proportion of members of either sex is no less than 40% when the Board of Directors is composed of more than eight (8) members, or that the difference between the number of members of either sex is no more than two (2) when the Board of Directors is composed of eight (8) members at the most.

The Board of Directors reflects on the most appropriate balance as regards its composition and that of its committees, particularly in terms of diversity (representation of women and men, nationalities, age, qualifications and professional experience). The Board of Directors publishes in the report on corporate governance a description of the diversity policy applied to the members of the Board of Directors as well as a description of the policy's objectives, of how it is implemented and of the results achieved in the course of the financial year ended.

The Board of Directors, on the proposal of the Chairperson of the Board of Directors, may appoint one or more non-voting members, not to exceed two (2) in number. The non-voting directors are called upon to attend the meetings of the Board of Directors at the same time as the directors. They take part in deliberations of the Board of Directors in an advisory capacity. The ways in which the non-voting members serve the Board, as well as their remuneration, are set by the Board of Directors. Non-voting members are chosen from among the shareholders or from outside that group. The term of service of the non-voting members is determined by the Board of Directors at the time of their appointment, and may not exceed, as the case may be, three years, except in the event of resignation or early termination voted by the Board. They may be re-elected.

In accordance with the AMF recommendation 2012-02 on corporate governance and executive remuneration of companies referring to the Afep-Medef code, non-voting directors must be informed of the regulations on market abuse (in particular Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 June 2014 on market abuse) and, more specifically, the rules on refraining from disclosing inside information. In addition, conflict of interest management measures should be put in place to avoid non-voting directors attending debates when they are in a potential conflict of interest situation. Consequently, the obligations set out in the internal rules of the Board of Directors of the Company applicable to directors and relating to the prevention of conflicts of interest apply, *mutatis mutandis*, to non-voting directors.

### *Designation*

During the life of a Company, directors shall be appointed, reappointed and dismissed as provided for in law and the regulations in force and these articles of association.

### *Term in office – age limits - Responsibilities and duties*

Board directors are appointed for a term of three (3) years. However, to facilitate a seamless renewal of the Board of Directors, the Board of Directors may, by way of exception, propose to the general meeting that directors be appointed for a term of either one (1) year or two (2) years.

Board directors may be re-elected. They may be removed from office at any time by the shareholders at an ordinary general meeting.

Board directors must not be more than 75 years of age. If a board director were to exceed this age in the course of his or her term of office, he or she shall automatically be deemed to have resigned at the close of the next general meeting. In addition, the number of directors aged over 70 must not represent more than a third of the directors in office. If this limit is exceeded, the eldest board director shall automatically be deemed to have resigned at the close of the next general meeting.

Each member of the Board of Directors must disclose to the Board of Directors any situation of conflict of interest, including any potential situation, and must refrain from attending the related deliberations and participating in the corresponding vote. In the event of a permanent conflict of interest, the director concerned must resign. This obligation also applies to the non-voting members appointed by the Board of Directors, if any.

#### *Directors' identity*

The directors may be individuals or legal entities. Directors that are legal entities must designate, at the time of their appointment, a permanent representative, who is subject to the same conditions and obligations and bears the same civil and criminal liability as if he or she were a director in his or her own name, without prejudice to the joint and several liability of the legal entity that he or she represents.

The permanent representative is appointed in such capacity for the duration of the term of office of the legal entity he or she represents. If the legal entity removes its permanent representative from office, it shall immediately notify the Company, by registered letter, of such removal from office and the identity of its new permanent representative. The same applies in the event of death or resignation of the permanent representative or if he or she is unable to carry out the respective duties for an extended period of time.

#### *Chairperson of the Board of Directors*

The Board of Directors shall elect a Chairperson, a private individual, from among its members.

The Board determines the duration of the term of office of the Chairperson and Vice-Chairperson, which may not under any circumstances exceed their respective terms of office as board director. They may be re-elected.

The age limit for the office of Chairperson, when the Chairperson is not also the chief executive officer, is 75 years of age. He or she shall automatically be deemed to have resigned should he or she exceed this age.

The Chairperson of the Board of Directors organises and manages the board's work, and reports to the general meeting of the shareholders thereon. He or she oversees the proper functioning of the Company's decision-making bodies and, in particular, ensures that the board directors are able to carry out their duties.

The Board of Directors may also appoint, if it deems it appropriate, one or two vice-chairpersons.

#### *Meetings of the Board of Directors*

Meetings of the Board of Directors are held further to notice given by its Chairperson as often as the interests of the Company may require and, in any event, with such frequency as may be provided for by applicable laws and regulations, at the registered office or at any other venue specified in the notice of meeting.

At the request of the Chairperson, the directors may meet in executive sessions, in which the Chief Executive Officer does not participate. An executive session is scheduled at least once a year to evaluate the performance of the Chairperson and the Chief Executive Officer.

A meeting of the Board of Directors may be convened by either at least one third of its members or, if he or she is a board director, by the chief executive officer or a deputy chief executive officer.

The Board of Directors may validly conduct business, even if no notice has been given, if all of its members are present or represented.

The Board of Directors shall only be able to validly conduct business if at least one half of its members are present. Decisions are taken when a simple majority of the members present or represented vote in favour. If there is an equal number of votes for and against a proposal, the Chairperson of the meeting has the casting vote.

#### *Directors' remuneration*

The general meeting of the shareholders may allocate to the board members, as remuneration for their activities, attendance fees in an annual fixed amount determined by the general meeting of the shareholders.

The allocation of attendance fees between the board members is determined by the Board of Directors in accordance with applicable laws and regulations.

The Board of Directors may allocate exceptional remuneration to the board members for missions or assignments entrusted to them.

In addition, the Board of Directors may authorise the reimbursement of travel expenses and costs incurred by the board members in the interests of the Company.

The board members shall receive no remuneration, permanent or otherwise, from the Company with respect to their office as board member, other than that provided for by the law.

Each member of the Board of Directors shall acquire at least one hundred (100) Company's Shares within six (6) months of his or her appointment. In addition, each member of the Board of Directors shall acquire Company's Shares for an amount (acquisition price) at least equal to 50% of his or her annual fixed remuneration due in his or her capacity as director, within twenty-four (24) months of his or her appointment.

#### 20.2.2.2 General management (article 18 of the articles of association)

##### *Responsibility for general management of the Company*

General management of the Company is the responsibility of either the Chairperson of the Board of Directors, who in such case has the title 'Chairperson and chief executive officer', or another individual appointed by the Board of Directors, with the title 'chief executive officer'.

The Board of Directors decides, under the quorum and majority conditions laid down by ordinary law, whether the general management of the Company is the responsibility of its Chairperson or a chief executive officer. Such decision remains valid until a new decision is taken by the Board of Directors.

When the general management of the Company is the responsibility of the Chairperson of the Board of Directors, the following provisions relating to the chief executive officer shall apply to him or her.

##### *Appointment of deputy chief executive officer(s)*

Further to a proposal from the chief executive officer, the Board of Directors may appoint one or more individuals charged with assisting the chief executive officer and who will have title 'deputy chief executive officer'.

The maximum number of deputy chief executive officers who can be appointed is five.

##### *Age limit – Term in office – Remuneration*

The term of office of the chief executive officer or deputy chief executive officers is determined when they are appointed, without this term of office exceeding, as the case may be, that of their term of office as board director.

The chief executive officer and the deputy chief executive officers cannot be more than 70 years of age. When this age limit is reached during a term of office, the executive concerned is automatically deemed to have resigned.

The chief executive officer may be removed from office at any time by the Board of Directors. The same applies, further to a proposal from the chief executive officer, with regard to the deputy chief executive officers.

When the chief executive officer ceases his duties or is unable to carry out his or her duties, the deputy chief executive officers continue their role and duties, unless otherwise decided by the board, until a new chief executive officer is appointed.

The Board of Directors determines the remuneration to be paid to the chief executive officer and the deputy chief executive officers.

#### *Powers*

The chief executive officer is vested with the most extensive powers to act, in all circumstances, for and on behalf of the Company. He or she exercises these powers within the limits of the corporate purpose and subject to those powers expressly attributed by law to the general meetings of the shareholders and to the Board of Directors.

The chief executive officer represents the Company in its relations with third parties.

The Company is bound by the acts of the chief executive officer even if they are not within the scope of the corporate purpose, unless it can prove that the third party knew that the relevant act was outside the scope of the corporate purpose or must have known this given the circumstances, it being noted, however, that the mere publication of the articles of association shall not be sufficient to constitute such proof.

The provisions of the articles of association or decisions of the Board of Directors limiting the powers of the chief executive officer are not enforceable as against third parties.

With the approval of the chief executive officer, the Board of Directors determines the scope and duration of the powers granted to the deputy chief executive officers.

With respect to third parties, the deputy chief executive officers have the same powers as the chief executive officer.

The chief executive officer or the deputy chief executive officers may, within the limits set by the laws in force, delegate authority, as they deem appropriate, for one or more specific purposes, to any representatives or agents, even from outside the Company, acting individually or as a committee or panel, with or without the possibility of substitution, subject to the limitations provided for by the law. These powers may be permanent or temporary, and may, or may not, include the possibility of substitution. The delegations of authority thus granted remain in full force and effect despite expiry of the term of office of the person having granted such delegations of authority.

### **20.2.3 General meetings (article 19 of the articles of association)**

#### *Notice and place of meeting*

General meetings of the shareholders are convened and deliberate as provided for in applicable laws and regulations.

The meetings are held either at the registered office, or at any other venue specified in the convening notice.

#### *Agenda*

The agenda for the meeting is set out in the convening notice and letters; it is determined by the person convening the meeting.

The general meeting may only deliberate on the items set out on the agenda; however, it may, whatever the circumstances, remove one or more directors from office and appoint a replacement.

One or more shareholders representing at least the percentage of share capital as required by law, and acting as provided for in the law and within the legal time limits, have the possibility of requiring the addition of draft resolutions to the agenda.

#### *Access to the meetings*

Every shareholder has the right, upon providing proof of identity, to participate in general meetings of the shareholders, by attending in person, by returning a correspondence voting form, by appointing a proxy, or, as the case may be and as provided below, by voting electronically at the meeting.

Such participation, in any form whatsoever, is subject to the shares having been registered or recorded, either in the registered share accounts kept by the Company, or in bearer share accounts kept by an authorised intermediary, within the time limits and as provided for by applicable regulations. In the case of bearer shares, this registration or recording of the shares is confirmed by a shareholding certificate issued by the authorised intermediary.

Further to a decision of the Board of Directors, published in the notice of meeting or in the convening notice, to allow the use of means of telecommunication, the shareholders participating in the general meeting by videoconference or by any means of telecommunication and teletransmission, including the Internet, as provided for in applicable regulations at the time of use (voting electronically at the meeting) are deemed to be present for the calculation of votes for quorum and majority purposes.

All shareholders may vote remotely or appoint a proxy in accordance with applicable regulations, by means of a form prepared by the Company and sent to the Company as provided for in applicable regulations, including electronically or by teletransmission, further to a decision of the Board of Directors. The Company must receive this form as provided for by applicable regulations for it to be taken into account.

The legal representatives of persons lacking legal capacity and individuals representing corporate shareholders take part in general meetings, whether they are personally shareholders or not.

#### *Attendance sheet, meeting committee, minutes*

At each general meeting of the shareholders an attendance sheet is drawn up containing the details prescribed by law.

The general meetings are chaired by the Chairperson of the Board of Directors or, in his or her absence, by the vice-chairperson or in the absence of both of them, by a board director who is specially delegated authority for such purposes by the Board of Directors. Failing this, the general meeting itself elects its Chairperson.

The two members of the general meeting, present and accepting to act as such, having in their own name or as proxies, the largest number of votes, act as tellers for the meeting.

The meeting committee appoints a meeting secretary, who need not be a shareholder.

The task of the meeting committee members is to check, certify and sign the attendance sheet, ensure the discussions are properly held, settle any unforeseen and urgent matters arising during the meeting, check the votes, ensure the vote is duly carried out and ensure the minutes are drawn up.

The minutes are drawn up and copies or extracts of the deliberations are issued and certified in accordance with the law, by the Chairperson of the Board of Directors, by the chief executive officer if he or she is a board director, or by the meeting secretary.

#### *Ordinary general meeting of the shareholders*

The ordinary general meeting of the shareholders is the general meeting called to take decisions that do not amend the articles of association. An ordinary general meeting is held at least once a year, within six months from the close of each financial year, to consider the accounts of that financial year and the consolidated accounts.

The meeting may only validly deliberate, further to notice given for the first time, if the shareholders present or represented, or having voted by correspondence or remotely have at least a fifth of the shares with voting rights. If the quorum is not met, the meeting convened further to notice given for the second time, may vote without any quorum requirement having to be met.

Decisions are taken when a majority of the votes of the shareholders present or represented, or having voted by correspondence or remotely, are in favour of the relevant decision.

### *Extraordinary general meeting*

Only the extraordinary general meeting of the shareholders is authorised to amend the articles of association in all their provisions.

On no account however, unless by a unanimous decision of the shareholders, may an extraordinary general meeting increase the shareholders' commitments, or affect the equality of their rights, subject to transactions resulting from a reverse stock split.

The extraordinary general meeting may only validly conduct business if the shareholders present or represented, or having voted by correspondence or remotely, hold at least, at a meeting convened further to notice given for the first time, a quarter of the shares carrying voting rights and, at a meeting convened further to notice given for the second time, a fifth of the shares carrying voting rights. If the latter quorum is not met, the general meeting convened for the second time may be postponed until a date no later than two months from the date on which it had been convened.

Decisions are taken when a two-thirds majority of the votes of the shareholders present or represented, or having voted by correspondence, or remotely, vote in favour of the relevant decision.

#### **20.2.4 Rights, privileges and restrictions attached to shares (articles 7, 8.1, 10 and 11 of the Company's articles of association)**

The fully paid-up ordinary shares, at the option of the shareholder, are held in registered or bearer form, in accordance with applicable regulations.

Ordinary shares, in registered or bearer form, may be freely transferred, unless otherwise provided in applicable laws and regulations. They are transferred, vis-à-vis the Company and third parties, by means of a transfer from one account to another, in accordance with the provisions of applicable laws and regulations.

In addition to the right to vote that is attributed by law, each share gives the right, in the ownership of the corporate assets, in the sharing of the profits and in the liquidation proceeds, to an amount equal to the portion of the share capital represented by such share.

Each shareholder has as many votes as the number of shares such shareholder owns or represents. Pursuant to article L. 22-10-46 of the French Commercial Code, double voting rights are not attributed to shares for which proof of two years of ownership in registered form by the same shareholder has been provided.

Shareholders are only liable for the Company's losses in an amount equal to their contributions.

The shares are indivisible vis-à-vis the Company.

Any co-owners of indivisible shares are represented at general meetings by one of them or by a sole representative. In the event of disagreement, the sole representative is appointed by the court at the request of the co-owner first to take action.

If the shares are subject to usufruct rights, the entry in the shareholder accounts must mention such usufruct rights. Unless otherwise agreed and the Company is notified thereof by registered letter with acknowledgement of receipt, the usufruct holder has the right to vote at ordinary general meetings and the bare owner has the right to vote at extraordinary general meetings.

#### **20.2.5 Variation of shareholders' rights**

Insofar as the articles of association do not provide for specific arrangements, variation of the rights attached to shares is subject to the provisions of law.

#### **20.2.6 Articles of association potentially affecting a change in control of the Company**

The articles of association do not contain any provisions liable to delay, defer or prevent a change of control of the Company.

### **20.2.7 Crossing of thresholds (article 8.2 of the articles of association)**

For as long as the Company's Shares are admitted to trading on a regulated market, besides the declarations of crossing of thresholds expressly provided for by applicable laws and regulations, any individual or legal entity, acting alone or in concert, who or which comes to own, whether directly or indirectly, a number of shares or voting rights (calculated in accordance with the provisions of articles L. 233-7 and L. 233-9 of the French Commercial Code and with the provisions of the General Regulations of the French Financial Markets Authority, the *Autorité des Marchés Financiers*) representing 0.5% or more of the total number of the Company's Shares or voting rights, or any multiple of that percentage, including over and above the thresholds provided for by applicable laws and regulations, must notify the Company of the total number of (i) shares and voting rights they own, whether directly or indirectly, and whether alone or in concert, (ii) securities giving access in the future to the Company's share capital that they own, whether directly or indirectly, and whether alone or in concert, and voting rights that may potentially be attached thereto, and (iii) shares already issued that the individual or legal entity may acquire pursuant to an agreement or via a financial instrument referred to in article L. 211-1 of the French Monetary and Financial Code. This obligation is governed by the same provisions as those governing the legally-prescribed disclosure obligation, including the regulatory provisions which define the information content that must be transmitted to the Company as regards the identity of the declarant, and, where applicable, the identity of persons acting in concert with the declarant and/or the identity of the entities holding the shares and the voting rights.; the threshold crossing declaration must be made within the same time limit as that for the legally-prescribed disclosure obligation, sent by registered letter with acknowledgement of receipt, indicating whether the shares or the voting rights are held for the account of, under the control of, or in concert with other legal entities or individuals. An additional declaration is required for each additional holding of 0.5% of the share capital or voting rights, without limitation.

This disclosure obligation also applies within the same time limits and under the same conditions, when the equity interest or the voting rights fall below the thresholds mentioned in the preceding paragraph.

In the event of a failure to comply with the aforementioned disclosure obligation, the shareholder may, under the conditions and within the limits defined by applicable laws and regulations, be deprived of the right to vote in respect of the shares exceeding the relevant threshold. This penalty is independent of any penalty that may be decided by judicial decision further to a request from the Chairperson, a shareholder or the French Financial Markets Authority (*Autorité des Marchés Financiers* - AMF).

For the purposes of determining the thresholds referred to above, shares or voting rights held indirectly and shares or voting rights associated with the shares or voting rights held as defined by the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code, are taken into account.

The Company reserves the right to bring to the notice of the public and the shareholders the information disclosed to it or the fact that the aforementioned obligation has not been complied with by the relevant person or entity.

### **20.2.8 Special clauses governing changes in the share capital**

The Company's articles of association do not contain any provisions more restrictive than those imposed by law in relation to changes in the share capital.



## **21. MATERIAL CONTRACTS**

The material contracts to which the Company or any member of the Group was a party in the past two years are the Facilities Agreement presented in Chapter 9 “*The Group’s liquidity and capital resources*” and the Transitional Services Agreement presented in Chapter 18 “*Related Party Transactions*” of this Prospectus.

## **22. DOCUMENTS AVAILABLE TO THE PUBLIC**

The Company's articles of association, minutes of general shareholders' meetings and other statutory documents, as well as any valuation or statement made by an independent expert at the Company's request, which must be made available to shareholders in accordance with applicable regulations, may be consulted at the Company's registered office.

Following the admission of the Company's Shares to trading on Euronext Paris, regulated, information pursuant to the provisions of the AMF General Regulation will also be available on the Company's website ([www.technicolorcreative.com](http://www.technicolorcreative.com)).

## 23. INFORMATION ABOUT THE ALLOTMENT OF SHARES IN THE COMPANY AND THE COMPANY'S SHARES

### 23.1 ARRANGEMENTS FOR THE ALLOTMENT

Technicolor SA's allotment to its shareholders (other than the Technicolor SA company itself) of shares in the Company will take the form of an exceptional distribution of share issuance premiums subject to a ratio of one (1) Company's Share for every one (1) Technicolor SA share held.

On 24<sup>th</sup> February 2022, Technicolor SA published its intention to list and spin-off 65% of the Company through a distribution-in-kind to Technicolor SA's shareholders, and to fully refinance its existing debt structure. In this context, internal reorganisation at the Technicolor SA Group level will be completed by the date of admission of the Company's Shares to trading on Euronext Paris in order to bring together all of the "Technicolor Creative Studios" activities within the Group. The refinancing of the Technicolor SA Group's debt will be completed via the issuance of mandatory convertible notes ("MCN") and the putting in place of two distinct and optimized financing packages for the Group and the Technicolor SA Group.

The allotment of shares in the Company will be subject to shareholder approval at the ordinary part of the combined general meeting of Technicolor SA shareholders meeting, due to take place on 6 September 2022, or by any other general meeting of Technicolor SA convened to vote on the same agenda, of the second resolution relating to the Distribution.

The following Technicolor SA shareholders have informed the Company that they irrevocably undertake to vote in favour of the second resolution of the upcoming Technicolor SA shareholders' general meeting relating to the allotment of the shares in the Company:

- Angelo, Gordon & Co., L.P., owning 12.6% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Credit Suisse Asset Management, owning 9.5% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Briarwood Chase Management, owning 9.2% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Bpifrance Participations SA, owning 9.0%<sup>18</sup> of the capital and voting rights of Technicolor SA at 30 June 2022;
- Baring Asset Management Ltd, owning 7.9% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Bain Capital Credit, LP, owning 7.0% of the capital and voting rights of Technicolor SA at 30 June 2022;
- Farallon Capital Management, owning 6.1% of the capital and voting rights of Technicolor SA at 30 June 2022; and
- Goldman Sachs Group, Inc., owning 4.4% of the capital and voting rights at 30 June 2022.

The second resolution of the upcoming Technicolor SA shareholders' general meeting relating to the allotment of the shares in the Company is then subject to irrevocable undertaking to vote from the above mentioned shareholders representing a total of 65.7%<sup>18</sup> of the capital and voting rights of Technicolor SA as at 30 June 2022. However, such shareholders are not bound by any lock-up undertaking in respect of their respective shareholding in Technicolor SA (See Section 23.4.4 "Lock-up agreement" of this Prospectus).

#### 23.1.1 Indicative transaction timetable

AMF approval of the prospectus of Technicolor SA relating to the admission to trading on Euronext Paris of the Technicolor SA new shares to be issued upon mandatory conversion of the MCN to be issued by Technicolor SA	29 April 2022
Technicolor SA's <i>Capital Markets Day</i> notably devoted to the Company	14 June 2022
AMF approval of the prospectus of the Company	1 <sup>st</sup> August 2022
Publication in the BALO (French Bulletin of Mandatory Legal Announcements) of the notice ( <i>avis de réunion</i> ) regarding Technicolor SA's combined general meeting	1 <sup>st</sup> August 2022

<sup>18</sup> This percentage amends certain shareholding information concerning Bpifrance Participations SA and Caisse des Dépôts et Consignations.

Publication in the BALO (French Bulletin of Mandatory Legal Announcements) of the convening notice ( <i>avis de convocation</i> ) and in a local French legal gazette regarding Technicolor SA's combined general meeting	19 August 2022	
Technicolor SA's combined shareholders' general meeting authorizing the Distribution	6 September 2022	
Press release issued by Technicolor SA announcing the approval of the Distribution by the general meeting	7 September 2022	
Euronext Paris notice announcing the Distribution (the main characteristics of the Distribution and an indicative timetable)	13 September 2022	D*-10
Euronext Paris notice regarding the admission to trading of the Company's Shares	13 September 2022	D*-10
Issue date of the MCN by Technicolor SA Completion of the full refinancing of Technicolor SA existing debt and financing of the Company Issue of new Company's Shares in consideration for contribution in kind of a portion of Tech 6 SAS shares in the context of the internal reorganisation at Technicolor SA level notably allowing to set the Distribution ratio at one (1) Company's Share for every one (1) Technicolor SA share held	15 September 2022	
Technicolor SA's board meeting determining the final characteristics of the Distribution and deciding to proceed to the Distribution <sup>(1)</sup>	23 September 2022	
Mandatory conversion of the MCN	23 September 2022	
Press release issued by Technicolor SA announcing the Distribution (final characteristics and timetable), the allocation of the Distribution for tax purposes based on interim accounting statement, the issue of Technicolor SA new shares issued upon mandatory conversion of the MCN, and the expected admission to trading of the Company's Shares	23 September 2022	
Euronext Paris notice regarding the admission to trading of Technicolor SA new shares issued upon mandatory conversion of the MCN	23 September 2022	D*-2
Technicolor SA new shares issued upon mandatory conversion of the MCN admitted to trading on Euronext Paris	26 September 2022	D*-1
Euronext Paris notice relating to the technical reference price of the Company's Shares	26 September 2022	D*-1
Date on which the Distribution becomes effective, ex-date of the distribution corresponding to the detachment date of the Company's shares from the Technicolor SA shares (" <b>Distribution Date</b> ") Delivery of the Company's Shares allotted as part of the Distribution to the Centralising Bank Company's Shares admitted to trading on Euronext Paris	27 September 2022	D
Date of the determination of the beneficiaries to the Distribution (record date) taking into account the orders executed during the day of 26 September 2022 (included)	28 September 2022	D*+1
Payment of the Distribution : delivery and account registration of the Company's Shares allotted as part of the exceptional distribution of premiums	29 September 2022	D*+2

\* *Stockmarket trading days*

<sup>(1)</sup> *Such decision will be only taken following (x) the completion of the full refinancing of Technicolor SA existing debt and financing of the Company, and (y) the judgment of the Commercial Court of Paris acknowledging the early completion of the financial accelerated safeguard plan (plan de sauvegarde financière accélérée) of Technicolor SA.*

### 23.1.2 Allotment of the Company's Shares to Technicolor SA shareholders

A maximum of 369,219,561 Company's Shares, representing 65% of the Company's maximum share capital on the Distribution Date (based on the fully diluted share capital of Technicolor SA at the Distribution Date) (See Section 20.1.1 "*Subscribed share capital, and authorised but unissued share capital*" and Section 23.2.1 "*Nature, class and dividend rights of the shares admitted to trading*" of this Prospectus), will be allotted by Technicolor SA to its shareholders (other than the Technicolor SA company itself) in proportion to their ownership of Technicolor SA and subject to a ratio of one (1) Company's Share for every one (1) Technicolor SA share held.

Given the Distribution ratio fixed at one (1) Company's Share for every one (1) Technicolor SA share held, the Distribution will not give rise to the creation of fractional shares and no fractional shares of the Company will be delivered. Consequently, the mechanism of compensation and sale of fractional rights by the authorised financial

intermediaries provided for in articles L. 228-6-1 and R. 228-12 of the French Commercial Code will not be implemented in the context of the Distribution.

### **23.1.3 Persons entitled to the allotment of shares in the Company**

All Technicolor SA shares in issue on the Record Date will confer an entitlement to the allotment, with the exception of shares held in treasury by Technicolor SA itself.

The persons entitled to the allotment of the Company's Shares will be the shareholders of Technicolor SA (other than the Technicolor SA company itself) whose shares have been recorded in their securities account in their name at the end of the accounting day of the Record Date (i.e. after orders executed the day before the Distribution Date have been taken into account, even where settlement and delivery of those orders take place after the Distribution Date).

In other words, any person (other than Technicolor SA itself) that has acquired Technicolor SA shares (without having sold them again) on the day preceding the Distribution Date will be allotted the Company's Shares in line with the applicable market rules, as set forth below.

The holders of the MCN of Technicolor SA conferring rights, directly to Technicolor SA's share capital and that will be automatically converted in Technicolor SA new shares before the Record Date will be entitled to the allotment of the Company's Shares.

In case of dismemberment of ownership of the shares, the beneficiary of the Distribution will be the bare owner, unless otherwise agreed. The shareholders of Technicolor SA are invited to contact their usual advisor on these issues.

### **23.1.4 Allotment ratio of the Company's Shares**

The Company's Shares will be allotted by Technicolor SA to the aforementioned beneficiaries based on a ratio of one (1) Company's Share for every one (1) Technicolor SA share held.

### **23.1.5 Practical arrangements for the allotment**

For each Technicolor SA share, the detachment of the Company's Shares will take place before the market opens on the Distribution Date. Payment of the exceptional distribution of Technicolor SA premiums, and the delivery of the Company's Shares will take place two days after the Distribution Date.

The allotment of the Company's Shares will not give rise to an "allotment right" or any equivalent assignable, tradable and/or listed right.

Given the Distribution ratio fixed at one (1) Company's Share for every one (1) Technicolor SA share held, the Distribution will not give rise to the creation of fractional shares and no fractional shares of the Company will be delivered. Consequently, the mechanism of compensation and sale of fractional rights by the authorised financial intermediaries provided for in articles L. 228-6-1 and R. 228-12 of the French Commercial Code will not be implemented in the context of the Distribution.

The bank in charge of the centralization operations within the framework of the Distribution (the "**Centralising Bank**") is Société Générale Securities Services (32, rue du Champ de Tir, 44308 Nantes Cedex 03, France).

For the Technicolor SA shares held in bearer or administered registered form, the following operations will be carried out:

- the Centralising Bank will credit via Euroclear France each financial institution holding the account on the day of the payment of the Distribution, with the number of Company's Shares corresponding to its portion of Technicolor SA shares, as duly registered with Euroclear France at the end of the accounting day on the date of the determination of the beneficiaries to the Distribution, either on 28 September 2022 (Record Date) (i.e. after taking into account the orders executed during the day of 26 September 2022 and for which the settlement-delivery will take place on 28 September 2022), by applying the parity of one (1) Company's Share for (1) Technicolor SA share registered in the account of the concerned financial institution holding the account;

- each of the account-holding financial institutions will then credit each of its customers with the number of Company's Shares corresponding to the number of Technicolor SA shares registered in its books in the name of the concerned customer.

For the Technicolor SA shares held in pure registered form, the following operations will be carried out:

- the Centralising Bank, acting as financial institution in charge of the maintenance of the register of the pure registered shareholders, will credit, as from the date of the payment of the Distribution, the account of each beneficiary of the Distribution holding pure registered Technicolor SA shares at the end of the Record Date, i.e., 28 September 2022, with the number of Company's Shares corresponding to the number of Technicolor SA shares held in pure registered form by the beneficiary of the Distribution.

If applicable, Technicolor SA shareholders contemplating to sell part or all of the Company's Shares received in the context of the Distribution should contact their usual financial advisor and/or the financial institution holding their account.

### **23.1.6 Allocation of the Distribution by Technicolor SA**

The Distribution will be drawn from part of the share premiums account after approval of the financial statements for the financial year ended 31 December 2021 and allocation to the discretionary reserves of amounts held in reserves not available for Distribution in accordance with the second resolution to be submitted for approval in the ordinary part of the combined general meeting of Technicolor SA shareholders meeting, due to take place on 6 September 2022, or by any other general meeting of Technicolor SA shareholders convened to vote on the same agenda.

### **23.1.7 Authorisation pursuant to which the allotment of shares by the Company will go ahead**

The allotment of shares in the Company will result from the adoption of the second resolution relating to the Distribution at the ordinary part of the combined general meeting of Technicolor SA shareholders meeting, due to take place on 6 September 2022, or by any other general meeting of Technicolor SA convened to vote on the same agenda.

The following resolution will be proposed for adoption by Technicolor SA shareholders:

***“(Exceptional distribution in kind by way of the grant of Technicolor Creative Studios shares to Technicolor shareholders, subject to conditions precedent)***

*The Shareholders' Meeting, having satisfied the quorum and majority conditions required for Ordinary Shareholders' Meetings and after having reviewed:*

- *the Board of Directors' report on the resolutions;*
- *the Board of Directors' report including the description of the proposed exceptional in-kind distribution;*
- *the prospectus approved by the French AMF in connection with the admission to trading on Euronext Paris the new Technicolor shares that may be issued upon conversion of the MCN and the issuance of which was approved at the Company's May 6, 2022 Shareholders' Meeting;*
- *the prospectus approved by the French AMF in connection with the admission of the shares of TCS to trading on Euronext Paris published prior to this Shareholders' Meeting through a means of effective and full dissemination; and*
- *the report issued by Finexsi, the independent expert appointed by the Company's Board of Directors for the purpose of expressing an assessment of the valuation of the TCS,*

*1. takes note:*

- *of the amount of the equity items reflected in the Company's accounts at the close of the financial year ended December 31, 2021, including the following items:*
  - *share capital: €2,358,245.55;*
  - *additional paid-in capital: €642,651,051;*
  - *legal reserve: €218,324; and*
  - *other reserves: €414,368,028, including €414,307,674 arising from the reduction of capital decided by the March 23, 2020 Combined General Shareholders' Meeting (which is not distributable pursuant to that resolution and is predominantly made up*

*of contributions);*

- *and the amount of the “retained earnings” account after allocation of the result for the financial year ended December 31, 2021 approved in the third resolution of the June 30, 2022 Shareholders’ Meeting, amounting to €(1,164,139,016.22), it being noted that the transactions referred to hereafter are intended to restore the Company’s shareholders’ equity prior to the distribution, as detailed in the report that includes the description of the proposed exceptional in-kind distribution;*
  - *that prior reorganization transactions are planned in advance of the exceptional in-kind distribution, such as those described in the Board of Directors’ report that includes a description of the exceptional in-kind distribution (the “**Prior Transactions**”), in parallel with other intra-group transactions also mentioned in such report, and in particular the transfer of the Tech 6 SAS shares to TCS (the “**Tech 6 Transfer**”);*
  - *that the capital increase of Technicolor subsequent to the conversion of the MCN into Technicolor shares would result in a capital increase of the Company of a nominal amount of €1,153,846.15, subject to any adjustments to the conversion ratio intended to preserve the rights of MCN holders (the “**MCN Capital Increase**”), it being specified that the issue of the MCN was approved by the adoption of resolutions 1 to 16 submitted to the Company’s General Meeting of May 6, 2022;*
  - *that the Prior Transactions, the Tech 6 Transfer and the MCN Capital Increase are intended to, notably, restore the Company’s shareholders’ equity to a sufficient level so as to be in a position to proceed with the distribution, which the Board of Directors will be called upon to officially acknowledge prior to the distribution; and*
  - *of the advisory opinion referred to in the first resolution of this Shareholders’ Meeting relating to the proposed exceptional in-kind distribution of TCS shares to Technicolor shareholders and the establishment of a fiducie-sûreté covering the TCS shares,*

*2. resolves, subject to the following conditions precedent:*

- *the adoption of the preceding resolution by the Shareholders’ Meeting;*
- *the implementation of the Prior Transactions described in the Board of Directors’ report that includes the description of the exceptional in-kind distribution;*
- *the issuance of the MCN in accordance with resolutions 1 to 16 approved by the Company’s May 6, 2022 Shareholders’ Meeting, subject to the adoption of the eleventh resolution submitted to this Shareholders’ Meeting;*
- *the preparation of a set of interim accounts prior to the distribution that reflect an amount of shareholders’ equity of Technicolor that is sufficient to allow the Board of Directors to decide to implement the distribution, in accordance with the provisions of Article L. 232-11 of the French Commercial Code;*
- *the publication of the Euronext notice announcing the admission of the TCS shares to trading on Euronext Paris, and*
- *obtaining a decision from the Paris Commercial Court acknowledging that the execution of the Company’s accelerated financial safeguard plan has been completed in accordance with the provisions of Article L. 626-28 of the French Commercial Code,*

*pursuant to paragraph 2 of Article L. 232-11 of the French Commercial Code and Article 22 of the Company’s by-laws:*

- *to proceed with, under the conditions and in accordance with the terms described hereafter, an exceptional distribution in the form of a grant of at least 65% of TCS’ share capital, at the rate of one (1) TCS share for (1) Technicolor share entitled to the distribution, which ratio would result in the distribution of an estimated maximum aggregate number of 369,219,561 TCS shares in light of the expected maximum number of outstanding Technicolor shares on the distribution date, which number was established on the basis of the following information:*
  - (i) *the 235,842,443 Technicolor shares existing at June 30, 2022;*
  - (ii) *the maximum number of 115,384,615 Technicolor shares that may be issued upon the MCN Capital Increase, subject to any adjustments to the conversion ratio that are intended to safeguard the rights of MCN holders;*
  - (iii) *the theoretical maximum number of 12,272,275 Technicolor shares that are liable to be issued upon the exercise of Technicolor share subscription warrants (the “**Shareholder Warrants**”) by their holders, in light of the number of Shareholder Warrants outstanding and not exercised at June 30, 2022;*
  - (iv) *the maximum number of 78,637 Technicolor Shares that are to be delivered under the 2019 Long-Term*

*Incentive Plan; and*

- (v) *the maximum number of 5,641,591 Technicolor Shares that may vest under the 2020 Long-Term Incentive Plan and the 2020 Investment Incentive Plan, subject to the adoption of the twelfth and thirteenth resolutions submitted to this Shareholders' Meeting,*

*it is understood that the number of TCS shares actually allocated will depend on, in particular, the number of Shareholder Warrants exercised prior to the distribution and the number of shares actually delivered under the 2020 Long-Term Incentive Plan and the 2020 Investment Incentive Plan, subject to the adoption of the twelfth and thirteenth resolutions submitted to this Shareholders' Meeting. In addition, the maximum number of TCS shares that may be distributed may be higher than the estimated total number referred to above, as the case may be, notably to take into account the exercise of any dilutive instrument issued by the Company, any measure necessary to safeguard the interests of holders of securities granting access to the share capital or any other issuance of Technicolor shares required for any reason whatsoever, between the date hereof and the record date. In such a case, the share of capital amounting to at least 65% of TCS distributed and the ratio of one (1) TCS share per each (1) Technicolor share would remain unchanged;*

- *that the persons entitled to the distribution of the TCS shares will be Company shareholders whose shares are registered in an account on the record date and that the exact number of TCS shares distributed will be determined based on the exact number of Technicolor shares that are registered in accounts, it being specified that in accordance with Article L. 225-10 of the French Commercial Code, the Technicolor shares held by Technicolor will not be entitled to the distribution that is the subject of this resolution;*
- *to charge the value of the distributed TCS shares to the additional paid-in capital account, it being understood that (i) in accordance with applicable texts, the total amount of the exceptional distribution of TCS shares cannot exceed the amount of distributable reserves and premiums reflected in the interim accounts issued in advance of the distribution, and (ii) the exceptional distribution may not take place if the Company's shareholders' equity is, at the time of the distribution, or would become, as a result of the distribution, less than the amount of the share capital plus reserves that are not distributable pursuant to the law and the by-laws, in accordance with Article L. 232-11 of the French Commercial Code;*
- *that the exact amount to charge to the additional paid-in capital account mentioned above will be determined by the Board of Directors under the terms and conditions described in this resolution, and in particular in view of the elements described in the Board of Directors' report that includes the description of the proposed exceptional in-kind distribution, including the above-mentioned report issued by Finexsi, and that such amount will be made known to the Company's shareholders through a press release issued at the close of the Board of Directors' meeting that officially acknowledged and determined such elements,*

*3. acknowledges:*

- *that the Board of Directors may suspend the exercise of the Shareholder Warrants and options to subscribe for Technicolor shares prior to the distribution in order to establish the number of Technicolor shares that may benefit from this distribution;*
- *that (i) the rights of holders of options to subscribe for Technicolor shares will be preserved in accordance with Article L. 225-81 of the French Commercial Code, and (ii) the rights of holders of Shareholder Warrants will be preserved in accordance with Article L. 228-99 of the French Commercial Code and that Technicolor's Board of Directors shall have full powers for such purpose;*
- *that if ownership of the Company's shares is divided (démembrement), the persons entitled to the distribution shall be the bare owners;*
- *that from a French law perspective, the tax qualification of this distribution will be indicated in a press release published after the interim accounts to be drawn up prior to the distribution have been made available and will depend on the composition of Technicolor's shareholders' equity on the date of the exceptional distribution;*
- *that the distribution will have the status of a repayment of additional paid-in capital within the meaning of paragraph 1 of Article 112 of the French Tax Code if such shareholders' equity does not include profits and reserves (other than those resulting from contributions) that remain to be divided up, which repayment will not be considered as distributed income and will therefore not be, on that basis, subject to any levy or at-source withholding in France by the institution paying the premium distribution; and*
- *that if the results realized by Technicolor since the beginning of the financial year exceed the amount of its negative retained earnings (less the share of its reserves that do not correspond to contributions), part of the distribution may have the quality of being a distribution of investment income which, when paid to shareholders who are natural persons domiciled in France for tax purposes and who do not hold their*



*shares under an equity savings plan (plan d'épargne en actions), is in principle subject to the single flat-rate levy of 12.8% on the gross amount of the distribution and to social security levies at a rate of 17.2% and, when paid to individuals who are not domiciled in France, is in principle subject to at source withholding in France, subject to any exemption or applicable tax treaties; and that, in such a case, the paying institution may sell the number of TCS shares necessary to pay the tax levies and withholdings in force,*

*4. grants all powers to the Board of Directors, with the possibility of sub-delegating such powers to the Company's Chief Executive Officer, for the purpose of implementing this resolution and in particular to:*

- determine the ex-dividend date applicable to the exceptional distribution;*
- officially take note of (i) the satisfaction of the conditions required to implement the MCN Capital Increase, (ii) the satisfaction of the conditions precedent listed above, and (iii) the amount the Company's shareholders' equity resulting from the Prior Transactions and the MCN Capital Increase immediately prior to the exceptional in-kind distribution in light of, in particular, the interim accounts issued prior to such distribution;*
- officially take note of the exact number of Technicolor shares that are entitled to the distribution as of the record date and determine the exact amount of the exceptional distribution to charge to the "additional paid-in capital" account in accordance with the terms defined by this Shareholders' Meeting, notably in view of the information described in the Board of Director's report that includes a description of the proposed exceptional in-kind distribution, carry out the necessary calculations, proceed with charging the "additional paid-in capital" account and officially take note of the amount of Technicolor's shareholders' equity resulting therefrom;*
- officially take note of the date on which the distribution will be paid and the corresponding settlement and delivery date for the corresponding TCS shares;*
- take all measures that are necessary or useful for the completion of the distribution that is the subject matter of this resolution;*
- carry out all required formalities in connection with the completion of the distribution and the admission of the TCS shares to trading on Euronext Paris; and*

*more generally, make all findings, communications, confirming or supplemental deeds and formalities that may be necessary, and, more generally, do all that is useful or necessary."*

### **23.1.8 Tax regime for the Distribution**

As French legislation and regulations currently stand, some of the French tax implications that may apply to Technicolor SA shareholders in respect of the Distribution are summarised below.

The attention of shareholders is drawn to the fact that this information is merely a basic summary of the tax regime applicable under the legislation in force to date and provided for general information purposes only. The rules stated below may be affected by any changes in the legislation or regulations that could be introduced with retroactive effect or apply to the current year or financial year.

The tax information below also does not represent a comprehensive description of all the tax consequences that may arise for Technicolor SA shareholders in respect of the Distribution.

Technicolor SA shareholders are advised to consult their tax advisor concerning the tax treatment applicable to their specific circumstances.

Technicolor SA shareholders not resident in France for tax purposes must also comply with the tax legislation in force in their country of residence.

#### **23.1.8.1 Characterisation of the Distribution for French tax purposes**

In view of the analysis to date of Technicolor SA's net equity and in particular the projected 2022 income (including the capital gain on the transfer of the shares of Tech 6) which should not be sufficient to absorb its negative retained earnings at the end of 2021 (after allocation of the income for the year ended 31 December 2021), the Distribution should be characterised as a repayment of capital contributions within the meaning of article 112, 1° of the French tax code which would generally not be subject to tax in France.

The composition of Technicolor SA's net equity will be reviewed immediately before the Distribution on the basis of interim accounting statements prepared at that time and information concerning the characterisation of the Distribution for French tax purposes will be communicated to shareholders at that time.

The portion of the Distribution that will be treated as a repayment of capital contributions will generally not be subject to tax in France (see below).

If a portion of the Distribution is treated as a dividend distribution, it will be subject to tax under the principles set out in Section 23.2.10. The authorised financial intermediary responsible for maintaining the bearer or managed registered share accounts, or Technicolor SA, through Société Générale Securities Services, as applicable, will be entitled to sell the number of Company's Shares necessary to pay the social contributions and / or the non-discharging levy or the withholding tax as the case may be payable in respect of the portion of the Distribution treated as a dividend. Shareholders who wish to sell the Company's Shares received in the context of the Distribution will need to contact their usual financial advisor and / or financial intermediary holding their account.

Proceeds from the sale of the Company's Shares allocated in proportion to fractional share entitlements should follow the same treatment, from a French tax perspective, as the Distribution.

#### 23.1.8.2 Shareholders resident in France for tax purposes

##### 23.1.8.2.1 Individuals holding Technicolor SA shares in their investment portfolio and not engaging in patterns of share trading that could be characterised as those of a professional trader

Subject to the following, the portion of the Distribution which will have the nature of a repayment of capital contributions will not be considered as an income distribution and thus will not be subject to income tax and social contributions. The distribution of share premiums having the nature of a repayment of capital contributions will be deducted from the cost price for tax purposes of the Technicolor SA shares when calculating the capital gain or loss recorded upon the subsequent sale of Technicolor SA shares (Bulletin officiel des Finances Publiques ("BOFiP"), BOI-RPPM-PVBMI-20-10-20-40 of 20 December 2019, no. 240, publishing the tax ruling 2006/55 (FP) dated 5 December 2006).

In this respect, shareholders whose cost price for tax purposes of the Technicolor SA shares is lower than that of the distribution of share premiums having the nature of a repayment of capital contributions (which may be, for example, the case for shareholders who have benefitted from a tax deferral) are advised to contact their tax advisor to determine the tax treatment applicable to the difference.

If a portion of the Distribution is treated as a dividend distribution, it will be subject to tax under the principles set out in Section 23.2.10.1.1.1 "*Shareholders resident in France for tax purposes – Dividends*" of this Prospectus. The paying agent will be entitled to sell the number of Company's Shares required to pay the applicable tax and social security contributions. Technicolor SA shareholders should contact their financial intermediary to find out what processes they will put in place in this respect.

##### 23.1.8.2.2 Legal entities subject to corporate income tax under standard regime

In accordance with the provisions of article 209 and of paragraph 1 of article 112 of the French tax code, subject to the below, the distribution of share premiums having the nature of a repayment of capital contributions is not deemed to be an income distribution and would not therefore be taxable, but should accordingly result in a reduction in the tax cost basis of the Technicolor SA shares for the purpose of calculating the capital gain or loss realised upon the subsequent sale of Technicolor SA shares. That said, it is worth noting that this position has not given rise to a guidance from the French tax authorities comparable to the guidance set out in the ruling 2006/55 (FP) of 5 December 2006, applicable to individuals nor been commented by the French tax authorities in their regulations. Investors are advised to contact their tax advisor, especially shareholders whose cost price for tax purposes of the Technicolor SA shares is lower than that of the distribution of premiums.

If a portion of the Distribution is treated as a dividend distribution, it will be subject to tax under the principles set out in Section 23.2.10.1.2.1.

#### 23.1.8.2.3 Other shareholders

Technicolor SA shareholders subject to a tax regime other than those referred to above, including taxpayers who engage in transactions in securities as a non professional or those who have recorded their shares on their commercial balance sheet, will have to enquire about the tax regime applicable to their specific circumstances by contacting their tax advisor.

#### 23.1.8.3 Shareholders resident outside France for tax purposes

The portion of the Distribution which will have the nature of a repayment of capital contributions, will not be considered as an income distribution for French tax purposes and thus will not be subject to a withholding tax in France with respect to shareholders resident outside France.

The distribution of share premiums having the nature of a repayment of capital contributions should, however, be deducted from the cost price for tax purposes of the Technicolor SA shares as required under French tax law.

If a portion of the Distribution is treated as a dividend distribution, it will be subject to tax under the principles set out in Section 23.2.10.2.1. The paying agent will be entitled to sell the number of Company's Shares required to pay the applicable tax and social security contributions. Technicolor SA shareholders should contact their financial intermediary to find out what processes they will put into place in this respect.

Generally speaking, shareholders resident outside France for tax purposes are advised to consult their tax advisor.

### 23.2 DESCRIPTION OF THE COMPANY'S SHARES

#### 23.2.1 Nature, class and dividend rights of the shares admitted to trading

The Company's ordinary shares, which the Company will apply to admit to trading on Euronext Paris (compartment A) from the Distribution Date, are constituted by all the Company's Shares making up its share capital on the date of admission, i.e., by the existing ordinary Company's Shares and the additional new Company's Shares that will be issued, subject to the Company's shareholders approval, on 15 September 2022, in the context of the spin-off of the Company from Technicolor SA and the internal reorganisation at Technicolor SA level, in consideration for contribution in kind (See Section 20.1.1 "*Subscribed share capital, and authorised but unissued share capital*" of this Prospectus), and more precisely:

- the current number of existing ordinary Company's Shares at the date of this Prospectus, and
- the number of new Company's Shares that are expected to be issued, subject to the Company's shareholders approval, on 15 September 2022, in the context of the spin-off of the Company from Technicolor SA and the internal reorganisation at Technicolor SA level, in consideration for contribution in kind of a portion of Tech 6 SAS shares that will be completed in addition to the sale of the remaining portion of Tech 6 SAS by Technicolor SA to the Company. Such number of new Company's Shares to be issued will be determined so as, together with the current number of existing Company's Shares, 65% of the total number of the Company's Shares equals the number of Technicolor SA shares that will be entitled to the Distribution at the Distribution Date, in order to allow the Distribution to be completed at a ratio of one (1) Company's Share for every one (1) Technicolor SA share held. As the share capital of Technicolor SA may be increased by such date due to outstanding securities giving access to its capital, the exact number of Technicolor SA shares that will be entitled to the Distribution at the Distribution Date will only be known once the exercise of such instruments will be frozen, ahead of the contemplated issue of new Company's Shares. The contribution in kind of a portion of Tech 6 SAS shares will be made by reference to an enterprise value determined by an expert (see Section 23.3.1 of this Prospectus). The difference between the equity value of contributed shares of Tech 6 SAS and the nominal value of the number of the additional new Company's Shares issued will be allocated to additional paid-in capital of the Company.

The Company's Shares will have a par value of fifty euro cents (€0.5) each and will be fully paid-up.

The shares making up the Company's capital are ordinary shares, all of the same class and entitling holders to any distributions of dividends, interim dividends, reserves or similar sums decided after the shares are allotted.

**Dividend Rights:** the Company's Shares will carry current dividend rights.

**Label for the Ordinary Shares** “Technicolor Creative Studios”

**ISIN Code** FR001400BWV7

**Ticker Symbol** “TCHCS”

**Compartment:** Compartment A

**ICB classification:** 15102010 – Cable Television Services

**LEI code** 54930064SP2SSEVKFJ48

**First listing and admission to trading:** as of 27 September 2022, all of the Company’s Shares will be traded on a trading line called “Technicolor Creative Studios”.

### **23.2.2 Applicable law and jurisdiction**

The Company’s Shares are subject to French law.

The competent courts in the event of a dispute with the Company are those at the location of the Company’s registered office when the Company is the defendant, and are designated according to the nature of the dispute when the Company is the claimant, unless provided otherwise by the French Code of Civil Procedure.

### **23.2.3 Form of the shares and book-entry arrangements**

The Company’s Shares may be held in directly registered or managed registered or in bearer form.

In accordance with the provisions of article L. 211-3 of the French Monetary and Financial Code, the Company’s Shares, irrespective of their form, will be dematerialised and, accordingly, held in book-entry form either by the Company or by an authorised intermediary. The rights of holders will be represented by a book entry in their name in the accounts of:

- Société Générale Securities Services (32, rue du Champ de Tir, 44308 Nantes Cedex 03, France), which has been retained by the Company for shares held in directly registered form,
- an authorised financial intermediary of their choosing and Société Générale Securities Services (32, rue du Champ de Tir, 44308 Nantes Cedex 03, France), which has been retained by the Company, for shares held in managed registered form, and
- an authorised financial intermediary of their choosing for bearer shares.

An application has been made to admit all the Company’s Shares for clearing through Euroclear France as central depositary and to the settlement and delivery systems.

Shares may be transferred from one account to another, and their entry in the buyer’s securities account will give rise to a transfer of ownership, in accordance with the provisions of articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code.

In connection with the allotment, the Company’s Shares will be automatically entered in the account of the beneficiaries in directly registered form, managed registered form or bearer form, depending on whether the shareholders hold their Technicolor SA shares respectively in directly registered, managed registered or bearer form.

The Company’s share registrar and paying agent services will be provided by Société Générale Securities Services (32, rue du Champ de Tir, 44308 Nantes Cedex 03, France).

### **23.2.4 Currency**

The Company’s Shares will be allotted free of charge, and the Company has been informed by Technicolor SA that this allotment would take place as part of an exceptional distribution of premiums by Technicolor SA. They will be listed in euros.

### 23.2.5 Rights attached to shares

The Company's Shares are, upon their allotment, subject to all the clauses of the Company's articles of association as adopted by the decision of the shareholders of the Company on 8 July 2022. Based on current French legislation and the Company's articles of association as they will be in force at the date of the admission of the Company's Shares to trading on Euronext Paris, the principal rights attached to the Company's Shares are presented hereinafter.

#### 23.2.5.1 Dividend rights

Shares allotted as part of the allotment described by the Prospectus will confer current dividend rights.

The Company's shareholders are entitled to participate in earnings as provided for in article L. 232-10 *et seq.* of the French Commercial Code.

In accordance with the law, first of all sums to be allocated to legally-prescribed reserves are deducted from the financial year's profit, less, as the case may be, any prior losses. Distributable profit comprises the profit of the financial year less any prior losses and amounts allocated to reserve accounts, in accordance with the law, plus retained earnings.

The general meeting of the shareholders may then, further to a proposal from the Board of Directors, deduct from such profit any amount it deems appropriate to allocate to any ordinary or extraordinary discretionary reserve funds or allocate as retained earnings.

The ordinary annual general meeting of the shareholders, or any other general meeting, may decide to distribute sums and/or securities in cash or in kind from the reserve accounts that it has at its disposal, by expressly specifying the reserve accounts from which the sums are deducted. However, the dividends are deducted in priority from the financial year's distributable profit.

The Board of Directors may decide to allocate interim dividends in the cases and conditions provided for by law.

The general meeting of the shareholders can grant the shareholders, with respect to all or part of the distributed dividends or interim dividends, an option of payment in cash or in shares as provided for in applicable regulations. In addition, the general meeting can decide, with respect to all or part of the distributed dividends, interim dividends, reserves or premiums, or with respect to any share capital reduction, that the distribution of these dividends, reserves or premiums, or that this share capital reduction, will be by means of an allocation in kind of the Company's assets.

Each shareholder's share in the profit and his or her contribution to the losses are pro rata to the portion of the share capital that his or her shares represent.

A summary of the French tax treatment of dividends is included in Section 23.1.8 "*Tax regime applicable to the Company's Shares*" of this Prospectus.

#### 23.2.5.2 Voting rights

Each shareholder has as many votes as the number of shares such shareholder owns or represents. Pursuant to article L. 22-10-46 of the French Commercial Code, double voting rights are not attributed to shares for which proof of two years of ownership in registered form by the same shareholder has been provided.

If the shares are subject to usufruct rights, the entry in the shareholder accounts must mention such usufruct rights. Unless otherwise agreed and the Company is notified thereof by registered letter with acknowledgement of receipt, the usufruct holder has the right to vote at ordinary general meetings and the bare owner has the right to vote at extraordinary general meetings.

#### 23.2.5.3 Preferential subscription rights to subscribe for shares of the same class

The Company's Shares carry a pre-emptive right to subscribe to capital increases. The Company's shareholders have a preferential right to subscribe, proportionate to their existing holding, to the shares issued in the context of a capital increase carried out in cash, immediately or in the future.

Preferential subscription rights are negotiable for the entire subscription period when they are detached from shares that are themselves negotiable. Otherwise, they are transferable under the same terms and conditions as the shares themselves. Shareholders may individually waive their preferential subscription rights, in accordance with articles L. 225-132 and L. 228-91 to L. 228-93 of the French Commercial Code.

#### 23.2.5.4 Rights to participate in the Company's profit

Each share carries entitlement to a share proportional to the number and par value of existing shares of corporate assets and profit. The contribution made by each shareholder to losses is proportional to the percentage of the share capital they hold.

#### 23.2.5.5 Right to participate in any surplus upon winding-up

Each share carries entitlement to a share proportional to the number and par value of existing shares of the surplus upon winding-up.

#### 23.2.5.6 Repurchase and conversion provisions

The articles of association do not provide for the repurchase or conversion of shares.

#### 23.2.5.7 Crossing of notification thresholds and identification of shareholders

##### - *Crossing of notification thresholds*

Please refer to Section 21.2.7 "*Crossing of notification thresholds*" of this Prospectus.

##### - *Identification of shareholders*

The Company is authorised to make use of the legal provisions relating to the identification of holders of securities conferring immediate or future voting rights at its own shareholders' meetings.

#### **23.2.6 Scheduled date for account entries for the Company's Shares allotted to Technicolor SA shareholders**

The account entries for the Company's Shares allotted to Technicolor SA shareholders will be made with effect from the second day following the Distribution Date in line with the arrangements laid down in Section 23.1.5 "*Practical arrangements for the allotment*" of this Prospectus.

#### **23.2.7 Restrictions on transferability**

No clause in the articles of association restricts the transferability of the shares making up the Company's share capital.

Neither Technicolor SA, nor the Company, nor any Technicolor SA shareholders are as of the date of this Prospectus, or will be post spin-off, subject to lock-up agreements.

#### **23.2.8 French regulations concerning public offers**

With effect from the admission to trading of its shares on Euronext Paris, the Company will be subject to the provisions of law and the regulations in force in France concerning mandatory public tender offers, and public buyout offers with squeeze-out procedures.

#### 23.2.8.1 Mandatory public tender offer

Article L. 433-3 of the French Monetary and Financial Code and articles 234-1 *et seq.* of the AMF's General Regulation lay down the circumstances in which it is mandatory to file a public tender offer for all the equity instruments and securities conferring rights to the share capital or voting rights of a company whose shares are admitted to trading on a regulated market.

#### 23.2.8.2 Public buyout offer with squeeze-out procedure

Article L. 433-4 of the French Monetary and Financial Code and articles 236-1 *et seq.* (public buyout offer), and 237-1 *et seq.* (squeeze-out procedure) of the AMF's General Regulation state the conditions in which a public buyout offer and a squeeze-out procedure may be enforced by minority shareholders in a company whose shares are admitted to trading on a regulated market.

### **23.2.9 Public offer launched by third parties for the Company's share capital during the previous financial year and the current financial year**

Since none of the Company's Shares were admitted to trading on a regulated market at the date of the AMF approval of this Prospectus, no public tender offer has been launched by a third party for the Company's share capital during the previous or the current year.

#### **23.2.10 Tax regime applicable to the Company's Shares**

Certain consequences under French tax law, as French legislation and regulations currently stand, that may apply to individuals and legal entities becoming Technicolor Creative Studios shareholders, are summarised hereinafter.

The tax information below is not intended to be a comprehensive description of all the tax consequences that may arise for individuals and legal entities becoming Technicolor Creative Studios shareholders.

The attention of shareholders is drawn to the fact that this information is merely a basic summary of the tax regime applicable under the legislation in force to date and provided for general information purposes. The rules stated below may be affected by any changes in the legislation or regulations that could be introduced with retroactive effect or apply to the current year or financial year, or by a change in how they are interpreted by the French tax administration or courts.

Shareholders are invited to consult their tax advisor concerning the tax treatment applicable to their specific situation arising from the acquisition, ownership or sale of the Company's Shares.

Shareholders not resident in France for tax purposes must also comply with the tax legislation in force in their country of residence and also, where relevant, with the provisions of the tax treaty in force between France and their country of residence.

##### 23.2.10.1 Shareholders resident in France for tax purposes

##### 23.2.10.1.1 Individuals holding Company's Shares in their investment portfolio, outside equity saving plans ("PEA") and not engaging in patterns of share trading that could be characterised as those of a professional trader

##### 23.2.10.1.1.1 Dividends

##### *12.8% non-discharging levy*

In accordance with article 117 *quater* of the French tax code, subject to the exceptions referred to below, individuals domiciled in France are subject to a non-discharging levy charged at a rate of 12.8% on the gross amount of income distributed.

This levy is applied by the dividend paying agent if the latter is established in France. Where the paying agent is established outside France, the dividends must be reported and the corresponding levy paid to the French tax authorities within the first 15 days of the month which follows that of payment of such dividends, either by (i) the

taxpayer himself or (ii) the dividend paying agent, when it is established in a Member State of the European Union or in a State party to the European Economic Area Agreement that has entered into an administrative assistance agreement with France to combat tax fraud and tax evasion, and has been duly authorised for such purposes by the taxpayer.

This flat-rate levy, which does not release taxpayers from the payment of income tax or, where appropriate, of the exceptional contribution on high income and which represents an advance payment on income tax, will be set off against the taxpayer's final income tax charge due in respect of the year in which it was levied. Any excess amounts are refunded by the French tax authorities.

Individuals belonging to a tax household with reference taxable income in the prior year, as defined in para. IV.1 of article 1417 of the French tax code, of less than €50,000 for single, divorced or widower taxpayers or €75,000 for jointly taxed taxpayers, may apply to be exempted from this levy, as provided for in article 242 *quater* of the French tax code, by submitting, no later than by 30 November of the year preceding that in which the income is distributed, to the persons responsible for making the payment, a declaration of honour stating that their reference taxable income in the tax notice established in respect of their income in the year preceding payment of the dividend is below the aforementioned thresholds.

When the paying agent is established outside France, individuals belonging to a tax household whose reference taxable income in the prior year, as defined in para. IV.1 of article 1417 of the French tax code, is less than the amounts referred to in the paragraph above are not subject to the 12.8% non-discharging levy.

*Particular situation: Withholding tax in case of payment in a non-cooperative jurisdiction*

Irrespective of where the beneficiary's tax domicile or place of residence is located, in accordance with article 119 bis 2 of the French tax code and subject to the provisions of the applicable tax treaty, dividends distributed by Technicolor Creative Studios paid outside France into a non-cooperative country or territory ("NCCT") within the meaning of article 238-0 A of the French tax code (except countries or territories considered as such pursuant to the provisions of 2° of 2 bis of article 238-0-A of the French tax code), are subject to a withholding tax levied at the rate of 75%, unless the Company proves that the distribution of such income in that State or territory has neither the purpose nor the effect of permitting, for the purpose of tax evasion, its localisation in such country or territory. The list of NCCTs is published by ministerial order and updated at least once every year and applies from the first day of the third month following publication of the order. The current list, excluding countries or territories considered as such pursuant to the provisions of 2° of 2 bis of article 238-0-A of the French tax code, includes the British Virgin Islands, Anguilla, Panama, Seychelles and Vanuatu.

*17.2% social security contributions*

The gross amount of dividend is, moreover, subject to social security contributions, at the global rate of 17.2%, broken down as follows:

- the general social security contribution ("CSG") charged at a rate of 9.2% (article L 136-8 of the French social security code);
- the contribution for the repayment of social security debt ("CRDS") charged at a rate of 0.5% (articles 1600-0 H and 1600-0 J of the French tax code);
- the solidarity levy charged at the rate of 7.5% (article 235 ter of the French tax code).

These social security contributions are collected in the same way as the above-mentioned 12.8% non-discharging levy.

*Income tax*

Final taxation of the dividends distributed by the Company is made based on income reported by the taxpayer in his / her income tax return filed with the French tax authorities in the year which follows that during which dividends were received. Dividends are subject to income tax at the flat rate of 12.8% ("PFU") % (article 200 A of the French tax code) or, on the irrevocable option of the taxpayer covering all the income entering within the scope of the PFU, on the progressive scale (article 200 A, 2 of the French tax code) of up to 45%.



The option for taxation under the progressive scale is subject to a formal election made in the income tax return filed in the year, which follows the year during which the dividends were received. Where the taxpayer elects for taxation under the progressive scale, a general rebate of 40% applies to the gross amount of dividends (article 158, 3, 2° of the French tax code) and up to 6.8% of the corresponding CSG is deductible from their taxable income.

The 12.8% non-discharging levy is set off against the income tax charge due in respect of that year.

#### *Exceptional contribution on high income*

Pursuant to article 223 *sexies* of the French tax code, taxpayers liable to income tax are subject to a contribution based on the tax household's reference taxable income as defined in para. IV.1 of article 1417 of the French tax code, without application of the quotient rules laid down in article 163-0 A of the French tax code. Reference taxable income for this purpose includes dividends received, prior to the 40% rebate, and capital gains realised by the relevant taxpayers (except for capital gains mentioned in I of article 150-0 B ter of the French tax code for which the tax deferral expires). This contribution is calculated by applying a rate of:

- 3% to the portion of reference taxable income above €250,000 and lower than or equal to €500,000 for taxpayers who are single, widowed, separated or divorced and to the portion of reference taxable income above €500,000 and lower than or equal to €1,000,000 for taxpayers taxed jointly;
- 4% to the portion of reference taxable income above €500,000 for taxpayers who are single, widowed, separated or divorced and to the portion of reference taxable income above €1,000,000 for taxpayers taxed jointly.

#### 23.2.10.1.1.2 Capital gains

##### *Income tax*

Net capital gains realised by French resident individuals upon sale of the Company's Shares are subject to PFU at the flat-rate of 12.8% (article 200 A of the French tax code) or, on the irrevocable option of the taxpayer covering all the income entering within the scope of the PFU, on the progressive scale (article 200 A, 2 of the French tax code) of up to 45%.

The option for taxation under the progressive scale is subject to a formal election made in the income tax return filed in the year which follows the year during which the capital gains were realised.

Where the taxpayer elects for taxation under the progressive scale, up to 6.8% of the corresponding CSG is deductible from their taxable income.

If during a given year, the sale of the Company's Shares generate a net capital loss, these losses will only offset exclusively to the capital gains of the same nature realised during the same fiscal year. The excess losses, if any, may be carried forward and charged under the same conditions to the following years up to and including the tenth year.

##### *Social security contributions*

Net gains on sales of negotiable securities are also subject to social security contributions at an overall rate of 17.2%, broken down as stated in Section 23.2.10.1.1.1. "*Shareholders resident in France for tax purposes – Dividends*" of this Prospectus.

#### *Exceptional contribution on high income*

Pursuant to article 223 *sexies* of the French tax code, taxpayers liable to income tax are subject to the contribution referred to in Section 23.2.10.1.1.1. "*Shareholders resident in France for tax purposes – Dividends*" of this Prospectus, based on the tax household's reference taxable income as defined in para. IV.1 of article 1417 of the French tax code, without application of the quotient rules laid down in article 163-0 A of the French tax code. Reference taxable income for this purpose includes dividends received, prior to the 40% rebate, and capital gains realised by the relevant taxpayers (except for capital gains mentioned in I of article 150-0 B ter of the French tax code for which the tax deferral expires).

#### 23.2.10.1.1.3 Company's Shares held in a French equity savings plan ("PEA")

The Technicolor Creative Studios ordinary shares received by Technicolor SA shareholders holding their Technicolor SA shares through a PEA, will be received on their PEA accounts.

A PEA allows for an income tax exemption on gains and dividends received on listed shares held in the PEA subject to certain conditions. When the PEA is closed (if such closure takes place more than five years after the opening date of the PEA plan) or when funds are partially withdrawn from the PEA (if such withdrawal takes place more than five years after the opening date), net gains recorded since the PEA was opened are exempt from income tax but remain subject to social security contributions at the overall rate of 17.2%.

Specific provisions, not described in this Prospectus, apply where capital losses are realised, where the plan is closed prior to a period of five years following the opening of the PEA, or where the taxpayer exits a PEA in return for an annuity. Shareholders concerned are advised to consult their tax advisor.

#### 23.2.10.1.2 Legal entities subject to corporate income tax (standard regime)

##### 23.2.10.1.2.1 Dividends

Legal entities which do not qualify for the parent-subsidiary regime, as defined under article 145 of the French tax code (see below), must include the gross amount of the dividends distributed by the Company in their taxable income subject to corporate income tax at the standard rate (currently 25%) plus, where applicable, the 3.3% additional contribution assessed on their annual corporate income tax above €763,000 (article 235 ZC of the French tax code). Legal entities whose fully paid-up share capital is at least 75% held, continuously throughout the relevant financial year, by individuals or by companies satisfying certain conditions may benefit from a 15% corporate income tax rate on the portion of their taxable income and be exempt from the 3.3% social security contribution referred to above.

Legal entities holding at least 5% of Technicolor Creative Studios's share capital (or, failing this threshold, holding 2.5% of Technicolor Creative Studios's share capital and 5% of the voting rights provided that the shareholder is controlled by one or more non-profit organisations (as defined by article 1 bis of article 206 of the French tax code)) and which comply with all requirements provided for under articles 145 and 216 of the French tax code could benefit from the parent-subsidiary regime. Where this regime applies, dividends are exempt from corporate income tax except for a share of costs and expenses equal to 5% of the dividend amount that must be included into the recipient's taxable income subject to corporate income tax at the standard rate.

Irrespective of where the beneficiary's registered office or place of residence is located, in accordance with article 119 *bis* 2 of the French tax code and subject to the provisions of the applicable tax treaty, dividends distributed by the Company paid outside France into a NCCT are subject to a withholding tax levied at the rate of 75%, unless the Company proves that the distribution of such income in that State or territory has neither the purpose nor the effect of permitting, for the purpose of tax evasion, its localisation in such country or territory. The list of NCCTs is published by ministerial order and updated at least once every year and applies from the first day of the third month following publication of the order. Please see Section 23.2.10.1.1.1 "*Shareholders resident in France for tax purposes – Dividends*" of this Prospectus for the current list.

##### 23.2.10.1.2.2 Capital gains

Any capital gains or losses realised upon the sale of securities are in principle included in the taxable income subject to corporate income tax at the standard tax rate (25%) plus, where applicable, the 3.3% additional contribution assessed on the corporate tax above €763,000 as provided for in Section 26.2.10.1.2.1. Legal entities subject to corporate income tax (standard regime) – Dividends.

However, in accordance with provisions of article 219 I-a *quinquies* of the French tax code, capital gains realised upon the sale of shares held for at least two years (five years when the relevant holder is a shareholder holding at least 2.5% of the capital and controlled by one or more non-profit organisations (as defined by article 1 bis of article 206 of the French tax code) at the time of the sale which qualify as participating interests ("*titres de participation*") as defined under article 219 I-a *quinquies* of the French tax code are eligible for separate taxation as long-term capital gains. Technicolor Creative Studios shareholders are advised to consult their tax advisor to determine whether the Company's Shares may qualify as participating interests ("*titres de participation*").

Where the long-term capital gains regime applies, and to the extent the entity realises an overall long term capital gain in the financial year during which it realises a capital gain on its Company's Shares, capital gains are exempt from corporate income tax except for a share of costs and expenses equal to 12% of the gross amount of the such capital gain that is included in its taxable income subject to corporate tax at the standard rate (currently 25% plus, where applicable, the 3.3% additional contribution assessed on the corporate tax above €763,000). Capital losses on such shares would not be deductible from the taxable income of the legal entity.

#### 23.2.10.1.2.3 Other shareholders

Technicolor Creative Studios shareholders subject to a tax regime other than those referred to above, including taxpayers engaged in transactions in securities that go beyond basic portfolio management or those who have recorded their shares in their commercial balance sheet, are advised to consult their tax advisor.

#### 23.2.10.2 Shareholders resident outside France for tax purposes

The following is a summary of certain French tax implications for investors (i) who are not domiciled or resident in France for tax purposes and (ii) whose ownership of the shares is not attributable to a fixed base or permanent establishment subject to tax in France.

Shareholders concerned should comply with the tax legislation in force in their country of residence and are advised to consult their tax advisor concerning the tax treatment applicable to their specific situation.

##### 23.2.10.2.1 Dividends

Subject to the provisions of any applicable double tax treaty and the exceptions mentioned below, dividends distributed by Technicolor Creative Studios will in principle be subject to a withholding tax levied by the dividend paying agent.

The rate of this withholding tax is set out in article 187 of the French tax code at:

- 12.8% where the beneficiary is an individual;
- 15% where the beneficiary is a not-for-profit organisation having its registered office in a Member State of the European Union or in a State party to the European Economic Area Agreement that has entered into an administrative assistance agreement with France to combat tax fraud and tax evasion, that would be taxed under the regime provided for under article 206-5 of the French tax code if it had its registered office in France and had satisfied the criteria provided for in paragraphs 580 *et seq.* of the administrative doctrine published in the BOFIP under references BOI-IS-CHAMP-10-50-10-40-20130325; and
- at the standard rate of corporate income tax in other cases (currently set at 25%).

This withholding tax is also applicable to any payment, within the limit of the amount of the distribution, made by a person who is established or has his / her tax residence in France to the benefit, directly or indirectly, of a person who is not established or does not have his / her tax residence in France, carried out within the framework of a temporary transfer or a similar transaction giving the right or making it compulsory to return or resell the shares or other rights relating to these securities within the meaning of Article 119 bis A, 1 of the French tax code. This temporary transfer or similar transaction must be carried out during a period of less than forty-five days including the date on which the right to the distribution of the share proceeds is acquired. However, if the beneficiary of this payment proves that it corresponds to a transaction which has mainly a purpose and an effect other than to avoid the application of a withholding tax or obtaining a tax benefit, then the beneficiary may obtain the reimbursement of the withholding tax from the French tax authorities.

In addition, irrespective of the location of the beneficiary's tax domicile, the location of its registered office or its status, subject to the provisions of the applicable tax treaty, dividends distributed by the Company and paid outside France into a NCCT, are subject to a withholding tax levied at the rate of 75%, unless the Company proves that the distribution of such income in that State or territory has neither the purpose nor the effect of permitting, for the purpose of tax evasion, its localisation in such country or territory. The list of NCCTs is published by ministerial order and updated at least once every year and applies from the first day of the third month following

publication of the order. Please see Section 23.2.10.1.1.1 “*Shareholders resident in France for tax purposes – Dividends*” of this Prospectus for the current list.

Withholding tax may be reduced or even eliminated in certain circumstances, including pursuant to:

- Article 119 bis, 2-2° of the French tax code which provides for an exemption from withholding tax applying to dividends distributed to foreign collective investment vehicles comparable to French collective investment vehicles which have the characteristics set out in the French tax authorities’ guidelines (BOI-RPPM-RCM-30-30-20-70-20211006) situated in a member State of the European Union or in a State or territory that has entered into an administrative assistance agreement to combat tax fraud and tax evasion with France;
- Article 119 *ter* of the French tax code, applicable subject to certain conditions to legal entity shareholders which are the beneficial owners of the dividends:
  - (i) having their centre of effective management in a Member State of the European Union or in a State party to the European Economic Area Agreement that has entered into an administrative assistance agreement to combat tax fraud and tax evasion with France and not considered, pursuant to the terms of a tax treaty concluded with a third-party State, as having their tax residence outside the European Union or the European Economic Area,
  - (ii) having one of the forms listed in Part A of Annex I to Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states or having an equivalent form where the company has its centre of effective management in a State party to the European Economic Area Agreement,
  - (iii) holding at least 10% of the share capital of the French company making the distribution directly and continuously for at least two years and satisfying all the other conditions provided for under this article as interpreted by the administrative doctrine (published in the BOFIP under reference BOI-RPPM-RCM-30-30-20-10-20190703), it being specified that the 10% holding requirement is reduced to 5% of the share capital of the French company making the distribution when the legal entity, which is the beneficial owner of the dividends, holds a shareholding meeting the conditions provided for under article 145 of the French tax code, and is not able to credit the withholding tax in its jurisdiction (BOFIP ref. BOI-RPPM-RCM-30-30-20-40-20160607) and
  - (iv) liable to corporate income tax in the Member State of the European Union or in the State party to the European Economic Area Agreement where they have their centre of effective management, without any possible option and without being exempt therefrom.

However, the provisions of article 119 *ter* of the French tax code do not apply to dividends distributed under an arrangement or series of arrangements which, having been entered into for the purpose of obtaining, as the main purpose or as one of the main purposes, a tax benefit contrary to the objective or purpose of the same provisions of article 119 *ter*, is not genuine in light of all relevant facts and circumstances; or

- Article 119 *quinquies* of the French tax code, as commented in the administrative doctrine published in the BOFIP under references BOI-RPPM-RCM-30-30-20-80-20160406 applicable to legal entity shareholders:
  - (i) having their head office or, where applicable, the permanent establishment where the income and profits are included are located in (a) a Member State of the European Union or in a State or territory that has entered into an administrative assistance agreement to combat tax fraud and tax evasion with France as well as a mutual assistance agreement for recovery having a scope similar to that provided for by Council Directive 2010/24/EU of 16 March 2010 on mutual assistance for the recovery of debts relating to taxes, duties, rights and other measures and not being an NCCT or (b) in a State that is not a member of the European Union or that is not a State party to the agreement on the European Economic Area that has entered into an administrative assistance agreement to combat tax fraud and tax evasion with France as well as a mutual

assistance agreement for recovery having a scope similar to that provided for by Council Directive 2010/24/EU of 16 March 2010 on mutual assistance for the recovery of debts relating to taxes, duties, rights and other measures and that is not an NCCT within the meaning of Article 238-0 A of the French tax code and that the stake held in the distributing company or organisation does not allow the beneficiary to participate effectively in the management or control of this company or this organisation,

(ii) having their tax result or, where applicable, that of the permanent establishment where the income and profits are included, calculated according to the rules of the State or territory where their head office or the permanent establishment is located, is loss-making, and

(iii) subject to a procedure comparable to that referred to in article L. 640-1 of the French Commercial Code (or, absent such a procedure, which are not able to meet their payment obligations (“*cessation des paiements*”) and in a situation where their recovery is obviously impossible) and which comply with the other requirements set out under article 119 *quinquies* of the French tax code, or

- applicable double tax treaties, where appropriate.

In addition, pursuant to article 235 quater of the French tax code, a refund of the withholding tax is applicable to shareholders:

- having their head office or permanent establishment where the income is included is located in (a) a Member State of the European Union or in another State party to the agreement on the European Economic Area that has concluded with France an administrative assistance agreement to combat tax fraud and tax evasion as well as a mutual assistance agreement for recovery having a scope similar to that provided for by Council Directive 2010/24/EU of 16 March 2010 on mutual assistance for the recovery of debts relating to taxes, duties, rights and other measures and not being an NCCT or (b) in a State that is not a member of the European Union or that is not a State party to the agreement on the European Economic Area that has entered into an administrative assistance agreement to combat tax fraud and tax evasion with France as well as a mutual assistance agreement for recovery having a scope similar to that provided for by Council Directive 2010/24/EU of 16 March 2010 on mutual assistance for the recovery of debts relating to taxes, duties, rights and other measures and that is not an NCCT within the meaning of Article 238-0 A of the French tax code and that the stake held in the distributing company or organisation does not allow the beneficiary to participate effectively in the management or control of this company or this organisation, and
- whose tax result, calculated according to the rules applicable in the State or territory where their head office or permanent establishment is located, is loss-making for the financial year during which the income is received.

This refund gives rise to a tax, which is deferred. This deferral will end in particular in the event of the return of the shareholder to a profitable situation.

The Company’s shareholders should consult their tax advisor to determine whether they are likely to benefit from a reduction, an exemption or a refund from withholding tax pursuant to the principles presented above or to the provisions of double tax treaties, and to implement the practical arrangements necessary to apply these reductions or exemptions, and in particular, these outlined in the administrative doctrine published in the BOFIP under ref. BOI-INT-DG-20-20-20-20120912 on the so-called “standard” procedure or the so-called “simplified” procedure applicable to withholding tax reductions or exemptions provided by double tax treaties.

Shareholders who are not residents of France for tax purposes must also comply with the tax legislation in force in their country of residence and also, where appropriate, with the provisions of the tax treaty between France and that country.

#### 23.2.10.2.2 Capital gains

Subject to the provisions of any applicable double tax treaty, capital gains realised upon the sale of their Company’s Shares by persons not domiciled for tax purposes in France within the meaning of article 4 B of the French tax code or having their registered office outside France (and where those shares are not attributable to a

fixed base or permanent establishment subject to tax in France on the balance sheet of which they are recorded as assets) and, who have not held, directly or indirectly, alone or with their spouse, ascendants or descendants, a participating interest representing more than 25% of the financial rights of the Company at any time during the five years preceding the sale, are not subject to tax in France (article 244 *bis* B of the French tax code).

When the participating interest has represented more than 25% of the financial rights at any time during the five years preceding the sale, capital gains realised by non-resident shareholders would be subject to a non-resident capital gain tax levy levied at the rate of:

- 12.8% for individual;
- 25% for legal entity shareholders.

However, the non-resident capital gain tax does not apply to collective investment vehicles governed by foreign law which are situated in a member State of the European Union or in a State or territory that has entered into an administrative assistance agreement to combat tax fraud and tax evasion with France, which are comparable to French collective investment vehicles, and for those situated in a State other than a member State of the European Union or a State party to the European Economic Area Agreement which do not take part in the management or control of the Company (article 244 *bis* B of the French tax code).

Legal persons or organisations, regardless of their form, may obtain a refund of the portion of the levy that exceeds the corporate income tax for which they would have been liable if their registered office had been located in France. These rules apply to (i) entities whose registered office is located in an EU Member State or in another State party to the European Economic Area Agreement that has concluded an administrative assistance agreement to combat tax fraud and tax evasion with France and that is not a NCCT within the meaning of Article 238-0 A of the French tax code and (ii) provided that they do not take part in the management or control of the Company, to entities whose registered office is located in a State or territory that has concluded a tax treaty with France which contains an administrative assistance clause in respect of exchange of information to combat tax fraud and tax evasion and which is not a NCCT within the meaning of the same article 238-0 A.

Gains realised by persons or entities domiciled, established or set up outside France in a NCCT are taxed at the rate of 75%, subject to the provisions of the applicable tax treaty, irrespective of the percentage of rights held in the Company. The list of NCCTs is published by ministerial order and updated at least once every year and applies from the first day of the third month following publication of the order. This list currently includes British Virgin Islands, Anguilla, Panama, Seychelles, Vanuatu, Fiji, Guam, US Virgin Islands, Palau, American Samoa, Samoa and Trinidad and Tobago.

Investors falling within the scope of such provisions are advised to consult their tax advisor to determine if an exemption of a refund from the withholding tax is applicable.

#### 23.2.10.3 Tax on financial transactions and transfer tax

Acquisition of securities issued by the Company could fall within the scope of the French financial transactions tax provided for under article 235 *ter* ZD of the French tax code which applies under certain conditions to acquisitions of shares traded on a regulated market or on a multilateral trading system and issued by a company registered in France whose market capitalization exceeds €1 billion as at December 1st of the year preceding the imposition. A list of the companies whose securities are subject to the French financial transactions tax is published each year. If the Company were to be mentioned on that list in the future, acquisitions of shares in the Company would be subject to the French financial transactions tax (subject to certain exemptions) applying at the current rate of 0.3% of the purchase price and payable by the purchaser.

Acquisitions of securities subject to the French financial transactions tax are exempt from registration duties provided for by Article 726 of the French tax code.

Where transfers of shares are not subject to the French financial transactions tax, they could still give rise to the French transfer tax (subject to certain exceptions referred to in article 726 II of the French tax code) levied at the rate of 0.1% where such transfers are evidenced by a deed, whether executed in France or abroad.

Prospective holders of the Company's Shares should consult their own tax advisors as to the potential consequences of such French financial transactions tax and transfer tax.

### 23.3 FACTORS INFLUENCING THE VALUE OF THE COMPANY'S SHARES

The price of the Company's Shares following the allotment will be determined through the matching of orders on the Euronext Paris market in the initial trading scheduled to take place on the second day following the Distribution Date, subject to approval of the allotment by Technicolor SA shareholders at its general meeting. The transaction will not involve any public offering, private placement or acquisition of the Company's Shares by investors potentially providing an indication of the possible value of the Company's Shares on the market. It is worth noting that the ratio to be used for the allotment of the Company's Shares is one (1) Company's Share for every one (1) Technicolor SA share held.

Euronext Paris will state in a notice to be published prior to the Distribution Date the price to be used as the technical reference point for initial trading. This reference price will be used solely for the purpose of setting the reservation thresholds and does not prejudice the price at which the Company's Shares will trade.

There can be no assurance that the aggregate market value of the Technicolor SA shares and the Company's Shares following the spin-off will be higher than, equal to, or lower than the market value of Technicolor SA shares if the spin-off did not occur (see Section 3.6.1 *"The combined post-spin-off value of the Company's Shares and Technicolor SA shares may not equal or exceed the aggregate pre-spin-off value of Technicolor SA shares"* of this Prospectus).

The following factors that may provide guidance are provided solely for indicative purposes and do not prejudice the price at which the Company's Shares will trade.

#### 23.3.1 Valuation by the independent valuer

The firm Finexsi, whose registered office is located at 14 rue Bassano, 75116 Paris, represented by Mr. Olivier Péronnet and Mr. Errick Uzzan, has been appointed by Technicolor SA's board of directors to act on a voluntary basis as an independent expert in order to conduct a valuation of the Company.

Such expert report will be made available to the Technicolor SA shareholders together the preparatory documents of the combined general meeting of Technicolor SA shareholders due to take place on 6 September 2022 convened to vote on the Distribution on the website of Technicolor SA ([www.technicolor.com](http://www.technicolor.com)).

### 23.4 ADMISSION TO TRADING OF THE COMPANY'S SHARES AND TRADING ARRANGEMENTS

#### 23.4.1 Admission to trading

An application has been made for all the Company's Shares to be admitted to trading on Euronext Paris (compartment A).

The arrangements for the admission to trading of the Company's Shares on Euronext Paris will be laid down in a notice to be published by Euronext Paris ten days prior to the Distribution Date, on 13 September 2022 according to the indicative timetable. Prior to the initial trading of the Company's Shares, Euronext Paris will publish a technical reference price for the Company's Shares. The sole purpose of this price is to set the reservation thresholds for the opening of the first trading session and to calculate the performance of the Company's Shares on that day. This technical reference price will not have any bearing on the price at which the Company's Shares may trade.

As of 27 September 2022, all of the Company's Shares will be traded on a trading line called "Technicolor Creative Studios".

The Company has not applied for its shares to be admitted to trading on any other regulated market.

#### 23.4.2 Listing

At the date of the approval of this Prospectus, the Company's Shares were not admitted to trading on any regulated market.

The Company's Shares will be admitted to trading as from the Distribution Date.

#### **23.4.3 Liquidity agreement**

No liquidity agreement had been entered into by the Company at the date of the approval of this Prospectus. That said, the Company plans to put in place such an agreement as soon as possible after the Company's Shares are admitted to trading on Euronext Paris (see Section 20.1.3 "*Shares held by or on behalf of the Company*" of this Prospectus).

#### **23.4.4 Lock-up agreements**

Neither Technicolor SA, nor the Company, nor any Technicolor SA shareholders are as of the date of this Prospectus, or will be post spin-off, subject to lock-up agreements.

#### **23.4.5 Expenses arising from the admission**

The expenses incurred in respect of the admission to trading of the Company's Shares on Euronext Paris are not borne by the Company.



## CROSS-REFERENCE TABLES

This cross-reference table contains the Section number(s) of this Prospectus in which the information required under each of the headings provided for in Annex I of Regulation (EU) No. 2019/980 of 14 March 2019 (as amended) is contained.

No.	Headings in the Regulation	Section(s)
<b>1</b>	<b>Persons responsible, third party information, experts' reports and competent authority approval</b>	<b>1</b>
1.1	All persons responsible for the information or any parts of it, given in the prospectus with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies, indicate the name and function of the person; in the case of legal persons indicate the name and registered office.	1.1
1.2	A declaration by those responsible for the prospectus that to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import.	1.2
1.3	Where a statement or report attributed to a person as an expert, is included in the prospectus, provide the following details for that person: (a) name; (b) business and address; (c) qualifications; (d) material interest if any in the issuer.  If the statement or report has been produced at the issuer's request, state that such statement or report has been included in the prospectus with the consent of the person who has authorised the contents of that part of the prospectus for the purpose of the prospectus.	1.3
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	1.4
1.5	A statement that: (a) the prospectus has been approved by the French Financial Market Authority, as competent authority under Regulation (EU) 2017/1129; (b) the French Financial Market Authority only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; (c) such approval shall not be considered as an endorsement of the issuer that it the subject of this prospectus. (d) that the prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129.	Cover page
<b>2</b>	<b>STATUTORY AUDITORS</b>	<b>2</b>
2.1	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	2
2.2	If auditors have resigned, been removed or have not been re-appointed during the period covered by the historical financial information, indicate details if material.	N/A
<b>3</b>	<b>RISK FACTORS</b>	<b>3</b>
3.1	A description of the material risks that are specific to the issuer, in a limited number of categories, in a section headed "Risk Factors". In each category, the most material risks, in the assessment undertaken by the issuer, offeror or person asking for admission to	3

No.	Headings in the Regulation	Section(s)
	trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence shall be set out first. The risks shall be corroborated by the content of the prospectus.	
<b>4</b>	<b>INFORMATION ABOUT THE ISSUER</b>	<b>4</b>
4.1	The legal and commercial name of the issuer	4.1
4.2	The place of registration of the issuer, its registration number and legal entity identifier ("LEI")	4.2
4.3	The date of incorporation and the length of life of the issuer, except where the period is indefinite	4.3
4.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.	4.4
<b>5</b>	<b>BUSINESS OVERVIEW</b>	<b>5</b>
5.1	Principal activities	5.1 to 5.10
5.1.1	A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information.	5.1, 5.3, 5.4, 5.5, 5.6 and 5.10
5.1.2	An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of their development	5.10 and 5.2
5.2	Principal markets A description of the principal markets in which the issuer competes, including a breakdown of total revenues by operating segment and geographic market for each financial year for the period covered by the historical financial information.	5.2
5.3	The important events in the development of the issuer's business	5.5
5.4	Strategy and objectives A description of the issuer's business strategy and objectives, both financial and non-financial (if any). This description shall take into account the issuer's future challenges and prospects	5.4
5.5	If material to the issuer's business or profitability, summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	5.7
5.6	The basis for any statements made by the issuer regarding its competitive position	5.2
5.7	Investments	5.8
5.7.1	A description, (including the amount) of the issuer's material investments for each financial year for the period covered by the historical financial information up to the date of the prospectus	5.8.1
5.7.2	A description of any material investments of the issuer that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).	5.8.2
5.7.3	Information relating to the joint ventures and undertakings in which the issuer holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.	5.8.3

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
5.7.4	A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets.	5.9
<b>6</b>	<b>ORGANISATIONAL STRUCTURE</b>	<b>6</b>
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure	6.1
6.2	A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, the proportion of ownership interest held and, if different, the proportion of voting power held.	6.2
<b>7</b>	<b>OPERATING AND FINANCIAL REVIEW</b>	<b>8</b>
<b>7.1</b>	<b>Financial condition</b>	<b>8</b>
7.1.1	To the extent not covered elsewhere in the prospectus and to the extent necessary for an understanding of the issuer's business as a whole, a fair review of the development and performance of the issuer's business and of its position for each year and interim period for which historical financial information is required, including the causes of material changes. The review shall be a balanced and comprehensive analysis of the development and performance of the issuer's business and of its position, consistent with the size and complexity of the business. To the extent necessary for an understanding of the issuer's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial Key Performance Indicators relevant to the particular business. The analysis shall, where appropriate, include references to, and additional explanations of, amounts reported in the annual financial statements.	8
7.1.2	To the extent not covered elsewhere in the prospectus and to the extent necessary for an understanding of the issuer's business as a whole, the review shall also give an indication of: (a) the issuer's likely future development; (b) activities in the field of research and development. The requirements set out in item 7.1 may be satisfied by the inclusion of the management report referred to in Articles 19 and 29 of Directive 2013/34/EU of the European Parliament and of the Council.	8.1.1
7.2	Operating results	8.2, 8.3 and 8.4
7.2.1	Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations and indicate the extent to which income was so affected.	8.1
7.2.2	Where the historical financial information discloses material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes.	8.2, 8.3 and 8.4
<b>8</b>	<b>CAPITAL RESOURCES</b>	<b>9</b>
8.1	Information concerning the issuer's capital resources (both short term and long term).	9.1, 9.2 and 9.5
8.2	An explanation of the sources and amounts of and a narrative description of the issuer's cash flows.	9.4
8.3	Information on the borrowing requirements and funding structure of the issuer	3.3.1; 9.3, 9.4 and 9.5
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.	9.5

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
8.5	Information regarding the anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	9.2
<b>9</b>	<b>REGULATORY ENVIRONMENT</b>	10
9.1	A description of the regulatory environment that the issuer operates in and that may materially affect its business, together with information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations.	10
<b>10</b>	<b>TREND INFORMATION</b>	11
10.1	A description of: (a) the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the prospectus; (b) any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the prospectus, or provide an appropriate negative statement.	11.1
10.2	Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year.	11.2
<b>11</b>	<b>PROFIT FORECASTS OR ESTIMATES</b>	12
11.1	Where an issuer has published a profit forecast or a profit estimate (which is still outstanding and valid) that forecast or estimate shall be included in the prospectus. If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, then provide a statement to that effect and an explanation of why such forecast or estimate is no longer valid. Such an invalid forecast or estimate is not subject to the requirements in items 11.2 and 11.3.	N/A
11.2	Where an issuer chooses to include a new profit forecast or a new profit estimate, or a previously published profit forecast or a previously published profit estimate pursuant to item 11.1, the profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. The forecast or estimate shall comply with the following principles: (a) There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; (b) the assumptions must be reasonable, readily understandable by investors, specific and precise and not relate to the general accuracy of the estimates underlying the forecast; (c) in the case of a forecast, the assumptions shall draw the investor's attention to those uncertain factors which could materially change the outcome of the forecast.	12.1 12.2
11.3	The prospectus shall include a statement that the profit forecast or estimate has been compiled and prepared on a basis which is both: (a) comparable with the historical financial information; (b) consistent with the issuer's accounting policies.	12.1
<b>12</b>	<b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT</b>	13
12.1	Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies;	13.1

No.	Headings in the Regulation	Section(s)
	<p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital;</p> <p>(c) founders, if the issuer has been established for fewer than five years;</p> <p>(d) any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business.</p> <p>Details of the nature of any family relationship between any of the persons referred to in points (a) to (d). In the case of each member of the administrative, management or supervisory bodies of the issuer and of each person referred to in points (b) and (d) of the first subparagraph, details of that person's relevant management expertise and experience and the following information:</p> <p>(a) the names of all companies and partnerships where those persons have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years, indicating whether or not the individual is still a member of the administrative, management or supervisory bodies or partner. It is not necessary to list all the subsidiaries of an issuer of which the person is also a member of the administrative, management or supervisory bodies;</p> <p>(b) details of any convictions in relation to fraudulent offences for at least the previous five years;</p> <p>(c) details of any bankruptcies, receiverships, liquidations or companies put into administration in respect of those persons described in points (a) and (d) of the first subparagraph who acted in one or more of those capacities for at least the previous five years;</p> <p>(d) details of any official public incrimination and/or sanctions involving such persons by statutory or regulatory authorities (including designated professional bodies) and whether they have ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years. If there is no such information required to be disclosed, a statement to that effect is to be made.</p>	
12.2	<p>Administrative, management and supervisory bodies and senior management conflicts of interests</p> <p>Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 12.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.</p> <p>Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management.</p> <p>Details of any restrictions agreed by the persons referred to in item 12.1 on the disposal within a certain period of time of their holdings in the issuer's securities.</p>	13.2
<b>13</b>	<b>REMUNERATION AND BENEFITS</b>	<b>14</b>
	In relation to the last full financial year for those persons referred to in points (a) and (d) of the first subparagraph of item 12.1:	
13.1	<p>The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person.</p> <p>That information must be provided on an individual basis unless individual disclosure is not required in the issuer's home country and is not otherwise publicly disclosed by the issuer.</p>	14.1 and 14.2
13.2	The total amounts set aside or accrued by the issuer or its subsidiaries to provide for pension, retirement or similar benefits.	14.3
<b>14</b>	<b>BOARD PRACTICES</b>	<b>15</b>

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
	In relation to the issuer's last completed financial year, and unless otherwise specified, with respect to those persons referred to in point (a) of the first subparagraph of item 12.1.	
14.1	Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.	15.1 and 13.1
14.2	Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate statement to the effect that no such benefits exist.	15.2
14.3	Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.	15.3
14.4	A statement as to whether or not the issuer complies with the corporate governance regime(s) applicable to the issuer. In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime.	15.4
14.5	Potential material impacts on the corporate governance, including future changes in the board and committees composition (in so far as this has been already decided by the board and/or shareholders meeting).	15.5
<b>15</b>	<b>EMPLOYEES</b>	<b>16</b>
15.1	Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the prospectus (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the issuer employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.	16.1.1
15.2	Shareholdings and stock options With respect to each person referred to in points (a) and (d) of the first subparagraph of item 12.1 provide information as to their share ownership and any options over such shares in the issuer as of the most recent practicable date.	16.2
15.3	Description of any arrangements for involving the employees in the capital of the issuer.	16.3
<b>16</b>	<b>MAJOR SHAREHOLDERS</b>	<b>17</b>
16.1	In so far as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest, as at the date of the prospectus or, if there are no such persons, an appropriate statement to that effect that no such person exists.	17.1
16.2	Whether the issuer's major shareholders have different voting rights, or an appropriate statement to the effect that no such voting rights exist.	17.2
16.3	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	17.3
16.4	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	17.4
<b>17</b>	<b>RELATED PARTY TRANSACTIONS</b>	<b>18</b>
17.1	Details of related party transactions which for these purposes are those set out in the Standards adopted in accordance with the Regulation (EC) No 1606/2002 of the	18.1 and 18.2

No.	Headings in the Regulation	Section(s)
	<p>European Parliament and of the Council, that the issuer has entered into during the period covered by the historical financial information and up to the date of the prospectus, must be disclosed in accordance with the respective standard adopted under Regulation (EC) No 1606/2002 if applicable.</p> <p>If such standards do not apply to the issuer the following information must be disclosed:</p> <p>(a) the nature and extent of any transactions which are, as a single transaction or in their entirety, material to the issuer. Where such related party transactions are not concluded at arm's length provide an explanation of why these transactions were not concluded at arm's length. In the case of outstanding loans including guarantees of any kind indicate the amount outstanding;</p> <p>(b) the amount or the percentage to which related party transactions form part of the turnover of the issuer.</p>	
<b>18</b>	<b>FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	<b>19</b>
18.1	Historical financial information	19.1
18.1.1	Audited historical financial information covering the latest three financial years (or such shorter period as the issuer has been in operation) and the audit report in respect of each year.	19.1
18.1.2	<p>Change of accounting reference date</p> <p>If the issuer has changed its accounting reference date during the period for which historical financial information is required, the audited historical information shall cover at least 36 months, or the entire period for which the issuer has been in operation, whichever is shorter.</p>	N/A
18.1.3	<p>Accounting standards</p> <p>The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002. If Regulation (EC) No 1606/2002 is not applicable, the financial information must be prepared in accordance with:</p> <p>(a) a Member State's national accounting standards for issuers from the EEA, as required by Directive 2013/34/EU;</p> <p>(b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers. If such third country's national accounting standards are not equivalent to Regulation (EC) No 1606/2002 the financial statements shall be restated in compliance with that Regulation.</p>	8 and 19.1
18.1.4	<p>Change of accounting framework</p> <p>The last audited historical financial information, containing comparative information for the previous year, must be presented and prepared in a form consistent with the accounting standards framework that will be adopted in the issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p> <p>Changes within the accounting framework applicable to an issuer do not require the audited financial statements to be restated solely for the purposes of the prospectus. However, if the issuer intends to adopt a new accounting standards framework in its next published financial statements, at least one complete set of financial statements (as defined by IAS 1 Presentation of Financial Statements as set out in Regulation (EC) No 1606/2002), including comparatives, must be presented in a form consistent with that which will be adopted in the issuer's next published annual financial statements, having regard to accounting standards and policies and legislation applicable to such annual financial statements.</p>	19.1
18.1.5	Where the audited financial information is prepared according to national accounting standards, it must include at least the following:	N/A

No.	Headings in the Regulation	Section(s)
	<p>(a) the balance sheet;</p> <p>(b) the income statement;</p> <p>(c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;</p> <p>(d) the cash flow statement;</p> <p>(e) the accounting policies and explanatory notes.</p>	
18.1.6	<p>Consolidated financial statements</p> <p>If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the prospectus.</p>	19.1
18.1.7	<p>Age of financial information</p> <p>The balance sheet date of the last year of audited financial information may not be older than one of the following:</p> <p>(a) 18 months from the date of the prospectus if the issuer includes audited interim financial statements in the prospectus;</p> <p>(b) 16 months from the date of the prospectus if the issuer includes unaudited interim financial statements in the prospectus.</p>	19.3
18.2	Interim and other financial information	19.2
18.2.1	<p>If the issuer has published quarterly or half-yearly financial information since the date of its last audited financial statements, these must be included in the prospectus. If the quarterly or half-yearly financial information has been audited or reviewed, the audit or review report must also be included. If the quarterly or half-yearly financial information is not audited or has not been reviewed, state that fact.</p> <p>If the prospectus is dated more than nine months after the date of the last audited financial statements, it must contain interim financial information, which may be unaudited (in which case that fact must be stated) covering at least the first six months of the financial year.</p> <p>Interim financial information prepared in accordance with the requirements of Regulation (EC) No 1606/2002.</p> <p>For issuers not subject to Regulation (EC) No 1606/2002, the interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet in accordance with the applicable financial reporting framework.</p>	19.2
18.3	Auditing of historical annual financial information	19.1.2
18.3.1	<p>The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with Directive 2006/43/EC of the European Parliament and of the Council and Regulation (EU) No 537/2014 of the European Parliament and of the Council.</p> <p>Where Directive 2006/43/EC and Regulation (EU) No 537/2014 do not apply, the historical annual financial information must be audited or reported on as to whether or not, for the purposes of the prospectus, it gives a true and fair view in accordance with auditing standards applicable in a Member State or an equivalent standard.</p>	19.1.2
18.3.1a	Where audit reports on the historical financial information have been refused by the statutory auditors or where they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason must be given, and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full.	N/A
18.3.2	Indication of other information in the prospectus that has been audited by the auditors.	N/A
18.3.3	Where financial information in the prospectus is not extracted from the issuer's audited financial statements state the source of the information and state that the information is not audited.	8.1.3, 8.2, 8.3, 8.4,



No.	Headings in the Regulation	Section(s)
		9.4.1.5 and 9.4.2.5
18.4	Pro forma financial information	N/A
18.4.1	In the case of a significant gross change, a description of how the transaction might have affected the assets, liabilities and earnings of the issuer, had the transaction been undertaken at the commencement of the period being reported on or at the date reported. This requirement will normally be satisfied by the inclusion of pro forma financial information. This pro forma financial information is to be presented as set out in Annex 20 and must include the information indicated therein.  Pro forma financial information must be accompanied by a report prepared by independent accountants or auditors.	N/A
18.5	Dividend policy	19.4
18.5.1	A description of the issuer's policy on dividend distributions and any restrictions thereon. If the issuer has no such policy, include an appropriate negative statement.	19.4
18.5.2	The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the issuer has changed, to make it comparable.	19.4
18.6	Legal and arbitration proceedings	19.5
18.6.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	19.5
18.7	Significant change in the issuer's financial position	19.6
18.7.1	A description of any significant change in the financial position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial information have been published, or provide an appropriate negative statement.	19.6
<b>19</b>	<b>ADDITIONAL INFORMATION</b>	<b>20</b>
19.1	Share capital The information in items 19.1.1 to 19.1.7 in the historical financial information as of the date of the most recent balance sheet:	20.1
19.1.1	The amount of issued capital, and for each class of share capital: (a) the total of the issuer's authorised share capital; (b) the number of shares issued and fully paid and issued but not fully paid; (c) the par value per share, or that the shares have no par value; and (d) a reconciliation of the number of shares outstanding at the beginning and end of the year.  If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.	20.1.1
19.1.2	If there are shares not representing capital, state the number and main characteristics of such shares.	20.1.2
19.1.3	The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.	20.1.3
19.1.4	The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.	20.1.4

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
19.1.5	Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.	20.1.5
19.1.6	Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.	20.1.6
19.1.7	A history of share capital, highlighting information about any changes, for the period covered by the historical financial information.	20.1.7
19.2	Memorandum and Articles of Association	20.2
19.2.1	The register and the entry number therein, if applicable, and a brief description of the issuer's objects and purposes and where they can be found in the up to date memorandum and articles of association.	4.2 and 20.2.1
19.2.2	Where there is more than one class of existing shares, a description of the rights, preferences and restrictions attaching to each class.	N/A
19.2.3	A brief description of any provision of the issuer's articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer.	20.2.5
<b>20</b>	<b>MATERIAL CONTRACTS</b>	<b>21</b>
20.1	A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding publication of the prospectus.  A summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the group which contains any provision under which any member of the group has any obligation or entitlement which is material to the group as at the date of the prospectus.	21
<b>21</b>	<b>DOCUMENTS AVAILABLE</b>	<b>22</b>
21.1	A statement that for the term of the prospectus the following documents, where applicable, can be inspected:  (a) the up to date memorandum and articles of association of the issuer;  (b) all reports, letters, and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the prospectus.  An indication of the website on which the documents may be inspected.	22

This cross-reference table contains the section number(s) of this Prospectus in which the information required under each of the headings provided for in Annex XI of Regulation (EU) No. 2019/980 of 14 March 2019 (as amended) is contained.

No.	Headings in the Regulation	Section(s)
<b>1</b>	<b>Persons responsible, third party information, experts' reports and competent authority approval</b>	<b>1</b>
1.1	Identify all persons responsible for the information or any parts of it, given in the prospectus with, in the latter case, an indication of such parts. In the case of natural persons, including members of the issuer's administrative, management or supervisory bodies, indicate the name and function of the person; in the case of legal persons indicate the name and registered office.	1.1
1.2	A declaration by those responsible for the prospectus that to the best of their knowledge, the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import.  Where applicable, a declaration by those responsible for certain parts of the prospectus that, to the best of their knowledge, the information contained in those parts of the prospectus for which they are responsible is in accordance with the facts and that those parts of the prospectus make no omission likely to affect their import.	1.2
1.3	Where a statement or report attributed to a person as an expert, is included in the prospectus, provide the following in relation to that person: (a) name; (b) business and address; (c) qualifications; (d) material interest if any in the issuer.  If the statement or report has been produced at the issuer's request, state that such statement or report has been included in the prospectus with the consent of the person who has authorised the contents of that part of the prospectus.	1.3
1.4	Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.	1.4
1.5	A statement that: (a) this prospectus has been approved by the French Financial Market Authority, as competent authority under Regulation (EU) 2017/1129; (b) the French Financial Market Authority only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129; (c) such approval should not be considered as an endorsement of the quality of the securities that are the subject of this prospectus; (d) investors should make their own assessment as to the suitability of investing in the securities.	Cover page
<b>2</b>	<b>RISK FACTORS</b>	<b>3</b>
2.1	A description of the material risks that are specific to the securities being offered and/or admitted to trading in a limited number of categories, in a section headed 'Risk Factors'. In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the securities and the probability of their occurrence, shall be set out first. The risks shall be corroborated by the content of the prospectus.	3
<b>3</b>	<b>ESSENTIAL INFORMATION</b>	<b>7</b>

No.	Headings in the Regulation	Section(s)
3.1	Working capital statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.	7.1
3.2	Capitalisation and indebtedness A statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness) as of a date no earlier than 90 days prior to the date of the document. The term 'indebtedness' also includes indirect and contingent indebtedness. In the case of material changes in the capitalisation and indebtedness position of the issuer within the 90 day period, additional information shall be given through the presentation of a narrative description of such changes or through the updating of those figures.	7.2
3.3	Interest of natural and legal persons involved in the issue/offer A description of any interest, including a conflict of interest that is material to the issue/offer, detailing the persons involved and the nature of the interest.	7.3
3.4	Reasons for the offer and use of proceeds Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented in order of priority of such uses. If the issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, then state the amount and sources of other funds needed. Details must be also given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.	7.4
<b>4</b>	<b>INFORMATION CONCERNING THE SECURITIES TO BE OFFERED/ ADMITTED TO TRADING</b>	23.2
4.1	A description of the type and the class of the securities being offered and/or admitted to trading, including the international security identification number ('ISIN').	23.2.1
4.2	Legislation under which the securities have been created.	23.2.2
4.3	An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.	23.2.3
4.4	Currency of the securities issue.	23.2.4
4.5	A description of the rights attached to the securities, including any limitations of those rights and procedure for the exercise of those rights: (a) dividend rights: (i) fixed date(s) on which entitlement arises; (ii) time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates; (iii) dividend restrictions and procedures for non-resident holders; (iv) rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments; (b) voting rights; (c) pre-emption rights in offers for subscription of securities of the same class; (d) right to share in the issuer's profits; (e) rights to share in any surplus in the event of liquidation; (f) redemption provisions; (g) conversion provisions.	23.2.5
4.6	In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.	N/A
4.7	In the case of new issues, the expected issue date of the securities.	N/A

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
4.8	A description of any restrictions on the transferability of the securities.	23.2.7
4.9	Statement on the existence of any national legislation on takeovers applicable to the issuer which may frustrate such takeovers if any. A brief description of the shareholders' rights and obligations in case of mandatory takeover bids and/or squeeze-out or sell-out rules in relation to the securities.	23.2.8
4.10	An indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.	23.2.9
4.11	A warning that the tax legislation of the investor's Member State and of the issuer's country of incorporation may have an impact on the income received from the securities. Information on the taxation treatment of the securities where the proposed investment attracts a tax regime specific to that type of investment.	23.2.10
4.12	Where applicable, the potential impact on the investment in the event of resolution under Directive 2014/59/EU of the European Parliament and of the Council.	N/A
4.13	If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading, including the legal entity identifier ('LEI') where the offeror has legal personality.	N/A
<b>5</b>	<b>TERMS AND CONDITIONS OF THE OFFER OF SECURITIES TO THE PUBLIC</b>	23.1
5.1	Conditions, offer statistics, expected timetable and action required to apply for the offer.	23.1
5.1.1	Conditions to which the offer is subject.	23.1
5.1.2	Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, an indication of the maximum amount of securities to be offered (if available) and a description of the arrangements and the time period for announcing to the public the definitive amount of the offer.  Where the maximum amount of securities cannot be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn for not less than two working days after the amount of securities to be offered to the public has been filed.	23.1.2
5.1.3	The time period, including any possible amendments, during which the offer will be open and description of the application process.	N/A
5.1.4	An indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun.	N/A
5.1.5	A description of any possibility to reduce subscriptions and the manner for refunding amounts paid in excess by applicants.	N/A
5.1.6	Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest).	N/A
5.1.7	An indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription.	N/A
5.1.8	Method and time limits for paying up the securities and for delivery of the securities.	N/A
5.1.9	A full description of the manner and date in which results of the offer are to be made public.	N/A
5.1.10	The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.	N/A
5.2	Plan of distribution and allotment.	23.1.5

No.	Headings in the Regulation	Section(s)
5.2.1	The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.	23.1.3
5.2.2	To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer.	N/A
5.2.3	Pre-allotment Disclosure: (a) the division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches; (b) the conditions under which the claw-back may be used, the maximum size of such claw-back and any applicable minimum percentages for individual tranches; (c) the allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches; (d) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups; (e) whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by; (f) a target minimum individual allotment if any within the retail tranche; (g) the conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest; (h) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.	N/A
5.2.4	Process for notifying applicants of the amount allotted and an indication whether dealing may begin before notification is made.	N/A
5.3	Pricing	23.1.2 and 23.1.4
5.3.1	An indication of the price at which the securities will be offered and the amount of any expenses and taxes charged to the subscriber or purchaser. If the price is not known, then pursuant to Article 17 of Regulation (EU) 2017/ 1129 indicate either: (a) the maximum price as far as it is available; (b) the valuation methods and criteria, and/or conditions, in accordance with which the final offer price has been or will be determined and an explanation of any valuation methods used. Where neither point (a) nor (b) can be provided in the prospectus, the prospectus shall specify that acceptances of the purchase or subscription of securities may be withdrawn up to two working days after the final offer price of securities to be offered to the public has been filed.	23.1.2 and 23.1.8
5.3.2	Process for the disclosure of the offer price.	23.1 and 23.4.1
5.3.3	If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, an indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.	N/A
5.3.4	Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.	N/A
5.4	Placing and underwriting	N/A

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
5.4.1	Name and address of the coordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place.	N/A
5.4.2	Name and address of any paying agents and depository agents in each country.	23.2.3
5.4.3	Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under best 'efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.	N/A
5.4.4	When the underwriting agreement has been or will be reached.	N/A
<b>6</b>	<b>ADMISSION TO TRADING AND DEALING ARRANGEMENTS</b>	<b>23.4</b>
6.1	An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or third country market, SME Growth Market or MTF with an indication of the markets in question. This circumstance must be set out, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.	23.4.1
6.2	All the regulated markets, third country markets, SME Growth Market or MTFs on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.	23.4.2
6.3	If simultaneously or almost simultaneously with the application for the admission of the securities to a regulated market, securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number, characteristics and price of the securities to which they relate.	N/A
6.4	In case of an admission to trading on a regulated market, details of the entities which have given a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and a description of the main terms of their commitment.	23.4.3
6.5	Details of any stabilisation in line with items 6.5.1 to 6.6 in case of an admission to trading on a regulated market, third country market, SME Growth Market or MTF, where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilising activities may be entered into in connection with an offer:	N/A
6.5.1.1	The fact that stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time;	N/A
6.5.2	The beginning and the end of the period during which stabilisation may occur;	N/A
6.5.3	The identity of the stabilisation manager for each relevant jurisdiction unless this is not known at the time of publication;	N/A
6.5.4	The fact that stabilisation transactions may result in a market price that is higher than would otherwise prevail;	N/A
6.5.5	The place where the stabilisation may be undertaken including, where relevant, the name of the trading venue(s).	N/A
6.6	Over-allotment and 'green shoe': In case of an admission to trading on a regulated market, SME Growth Market or an MTF: (a) the existence and size of any over-allotment facility and/or 'green shoe'; (b) the existence period of the over-allotment facility and/or 'green shoe';	N/A

<b>No.</b>	<b>Headings in the Regulation</b>	<b>Section(s)</b>
	(c) any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.	
<b>7</b>	<b>SELLING SECURITIES HOLDERS</b>	
7.1	Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates.	N/A
7.2	The number and class of securities being offered by each of the selling security holders.	N/A
7.3	Where a major shareholder is selling the securities, the size of its shareholding both before and immediately after the issuance.	N/A
7.4	In relation to lock-up agreements, provide details of the following: (a) the parties involved; (b) the content and exceptions of the agreement; (c) an indication of the period of the lock up.	23.4.4
<b>8</b>	<b>EXPENSE OF THE ISSUE/OFFER</b>	18.1.3
8.1	The total net proceeds and an estimate of the total expenses of the issue/offer	23.4.5
<b>9</b>	<b>DILUTION</b>	
9.1	A comparison of: (a) participation in share capital and voting rights for existing shareholders before and after the capital increase resulting from the public offer, with the assumption that existing shareholders do not subscribe for the new shares; (b) the net asset value per share as of the date of the latest balance sheet before the public offer (selling offer and/or capital increase) and the offering price per share within that public offer.	N/A
9.2	Where existing shareholders will be diluted regardless of whether they subscribe for their entitlement, because a part of the relevant share issue is reserved only for certain investors (e.g. an institutional placing coupled with an offer to shareholders), an indication of the dilution existing shareholders will experience shall also be presented on the basis that they do take up their entitlement (in addition to the situation in item 9.1 where they do not).	N/A
<b>10</b>	<b>ADDITIONAL INFORMATION</b>	
10.1	If advisors connected with an issue are referred to in the prospectus, a statement of the capacity in which the advisors have acted.	N/A
10.2	An indication of other information in the prospectus which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report.	N/A



**ANNEX I**

**THE ANNUAL COMBINED FINANCIAL STATEMENTS  
AND STATUTORY AUDITORS' AUDIT REPORT**

**TECHNICOLOR CREATIVE STUDIOS**  
**COMBINED FINANCIAL STATEMENTS**

*Combined financial statements as at and for the years ended December 2021,  
2020 and 2019*

## TECHNICOLOR CREATIVE STUDIOS COMBINED FINANCIAL STATEMENTS

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## COMBINED STATEMENT OF PROFIT AND LOSS

(€ in million)	Note	Year ended December 31,		
		2021	2020	2019
<b>CONTINUING OPERATIONS</b>				
Revenue	(3.2)	601	438	771
Cost of sales	(3.3.1)	(495)	(430)	(659)
<b>Gross margin</b>		<b>106</b>	<b>8</b>	<b>112</b>
Selling and administrative expenses	(3.3.1)	(78)	(79)	(88)
Restructuring costs	(12.1)	(5)	(24)	(11)
Net impairment losses on non-current operating assets	(4.5)	(4)	(3)	(2)
Other income (expense)	(3.3.3)	0	(2)	0
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>		<b>20</b>	<b>(100)</b>	<b>11</b>
Interest income		10	5	4
Interest expense		(31)	(19)	(31)
Other financial income (expense)		-	2	(3)
<b>Net financial expense</b>	(3.4)	<b>(21)</b>	<b>(12)</b>	<b>(30)</b>
Share of gain (loss) from associates		-	0	0
Income tax income (expense)	(6)	(18)	10	(8)
<b>Loss from continuing operations</b>		<b>(19)</b>	<b>(102)</b>	<b>(27)</b>
<b>DISCONTINUED OPERATIONS</b>				
Net gain (loss) from discontinued operations	(13)	5	(24)	(11)
		-	-	-
<b>Net loss for the year</b>		<b>(14)</b>	<b>(126)</b>	<b>(38)</b>
Attributable to :				
- <i>Equity holders</i>		(14)	(126)	(38)
- <i>Non-controlling interest</i>		-	-	-

The accompanying notes on pages 9 to 59 are an integral part of these combined financial statements.

## COMBINED STATEMENT OF COMPREHENSIVE INCOME

(€ in million)	Note	Year ended December 31,		
		2021	2020	2019
<b>Net income (loss) for the year</b>		<b>(14)</b>	<b>(126)</b>	<b>(38)</b>
<b>Items that will not be reclassified to profit and loss</b>				
Remeasurement of the defined benefit obligations		1	(1)	(1)
Tax relating to these items		-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Fair value gains / (losses), gross of tax on cash flow hedges:				
- reclassification adjustments when the hedged forecast transactions affect profit or loss	(9.5)	-	0	3
Tax relating to these items		-	-	-
Currency translation adjustments				
- currency translation adjustments of the year		14	(19)	7
- reclassification adjustments on disposal or liquidation of a foreign operation		-	-	-
Tax relating to these items		-	-	-
<b>Total other comprehensive income</b>		<b>15</b>	<b>(20)</b>	<b>9</b>
<b>Total other comprehensive income of the period</b>		<b>1</b>	<b>(146)</b>	<b>(29)</b>
Attributable to :				
- Equity holders		1	(146)	(29)
- Non-controlling interest		-	-	-

The accompanying notes on pages 9 to 59 are an integral part of these combined financial statements.

## COMBINED STATEMENT OF FINANCIAL POSITION

(€ in million)	Note	December 31, 2021	December 31, 2020	December 31, 2019
<b>ASSETS</b>				
Goodwill	(4.1)	188	176	192
Intangible assets	(4.2)	96	102	118
Property, plant and equipment	(4.3)	46	51	81
Right-of-use assets	(4.4)	117	98	209
Other operating non-current assets		11	9	9
<b>TOTAL OPERATING NON-CURRENT ASSETS</b>		<b>459</b>	<b>436</b>	<b>610</b>
Non-consolidated investments	(9.4)	1	-	-
Other financial non-current assets	(9.4)	14	16	5
<b>TOTAL FINANCIAL NON-CURRENT ASSETS</b>		<b>14</b>	<b>16</b>	<b>6</b>
Deferred tax assets	(6.2)	22	22	10
<b>TOTAL NON-CURRENT ASSETS</b>		<b>495</b>	<b>475</b>	<b>626</b>
Trade accounts and notes receivable	(5.1)	63	57	71
Contract assets	(3.2)	74	42	62
Other operating current assets	(5.1)	31	38	36
<b>TOTAL OPERATING CURRENT ASSETS</b>		<b>169</b>	<b>137</b>	<b>169</b>
Income tax receivable		7	7	12
Other financial current assets	(9.4)	181	65	139
Cash and cash equivalents	(9.1)	12	28	9
Assets classified as held for sale	(13.2)	2	73	-
<b>TOTAL CURRENT ASSETS</b>		<b>372</b>	<b>310</b>	<b>328</b>
<b>TOTAL ASSETS</b>		<b>866</b>	<b>785</b>	<b>954</b>

The accompanying notes on pages 9 to 59 are an integral part of these combined financial statements.

## COMBINED STATEMENT OF FINANCIAL POSITION

(€ in million)	Note	December 31, 2021	December 31, 2020	December 31, 2019
<b>EQUITY AND LIABILITIES</b>				
Invested equity and retained earnings		357	319	459
Cumulative translation adjustment		(130)	(144)	(124)
<b>Shareholders equity attributable to owners of TCS</b>		<b>227</b>	<b>175</b>	<b>335</b>
Non-controlling interests		-	1	1
<b>TOTAL INVESTED EQUITY</b>	(7)	<b>227</b>	<b>175</b>	<b>335</b>
Retirement benefits obligations	(11.2)	5	6	6
Provisions	(12.1)	3	-	-
Contract liabilities		1	1	2
Other operating non-current liabilities		10	9	10
<b>TOTAL OPERATING NON-CURRENT LIABILITIES</b>		<b>19</b>	<b>16</b>	<b>18</b>
Borrowings	(9.3)	1	1	1
Lease liabilities	(9.3)	107	86	174
Deferred tax liabilities	(6.2)	16	11	14
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>143</b>	<b>114</b>	<b>207</b>
Provisions	(12.1)	6	9	7
Trade accounts and notes payable		40	28	53
Accrued employee expenses		62	55	51
Contract liabilities	(3.2)	77	36	36
Other operating current liabilities	(5.1)	39	33	32
<b>TOTAL OPERATING CURRENT LIABILITIES</b>		<b>226</b>	<b>162</b>	<b>179</b>
Borrowings	(9.2)	216	235	174
Lease liabilities	(9.2)	27	28	48
Income tax payable		28	15	10
Liabilities classified as held for sale	(13.2)	-	56	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>497</b>	<b>495</b>	<b>412</b>
<b>TOTAL LIABILITIES</b>		<b>640</b>	<b>610</b>	<b>619</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>866</b>	<b>785</b>	<b>954</b>

The accompanying notes on pages 9 to 59 are an integral part of these combined financial statements.

## COMBINED STATEMENT OF CASH FLOWS

	(€ in million)	Note	December 31,		
			2021	2020	2019
<b>Net loss</b>			<b>(14)</b>	<b>(126)</b>	<b>(38)</b>
Gain (Loss) from discontinuing activities			5	(24)	(11)
<b>Loss from continuing activities</b>			<b>(19)</b>	<b>(102)</b>	<b>(27)</b>
<i>Summary adjustments to reconcile loss from continuing activities to cash generated from (used in) continuing operations</i>					
Depreciation and amortization			83	95	96
Impairment of assets			(1)	4	2
Net changes in provisions			(3)	3	2
Loss on asset disposals			(3)	1	0
Interest (income) and expense	(3.4)		21	14	28
Other items (including tax)			23	(12)	12
Changes in working capital and other assets and liabilities	(10.2)		30	(3)	7
<b>Cash generated from (used in) continuing activities</b>			<b>131</b>	<b>1</b>	<b>119</b>
Interest paid on lease debt			(9)	(9)	(11)
Interest paid			(23)	(9)	(18)
Interest received			12	4	2
Income tax paid			(1)	0	(5)
<b>NET OPERATING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (I)</b>			<b>110</b>	<b>(12)</b>	<b>87</b>
Acquisition of subsidiaries, associates and investments, net of cash acquired			(0)	(1)	(0)
Proceeds from sale of investments, net of cash			0	(0)	0
Purchases of property, plant and equipment (PPE)			(10)	(6)	(36)
Proceeds from sale of PPE and intangible assets			2	0	0
Purchases of intangible assets including capitalization of projects			(16)	(24)	(22)
Cash collateral and security deposits granted to third parties			(13)	(12)	(1)
Cash collateral and security deposits reimbursed by third parties			11	0	1
<b>NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)</b>			<b>(26)</b>	<b>(42)</b>	<b>(57)</b>
Net contributions from / (distributions to) Technicolor SA			(5)	21	(12)
Net cash pooling variance	(10.1)		(81)	105	14
Repayments of lease debt	(10.1)		(31)	(42)	(40)
Repayments of borrowings			(1)	(0)	(1)
Dividends and distributions paid to Group's shareholders			-	0	-
Other			-	-	-
<b>NET FINANCING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (III)</b>			<b>(118)</b>	<b>85</b>	<b>(39)</b>
<b>NET CASH GENERATED (USED IN) DISCONTINUED ACTIVITIES (IV)</b>	(13.1)		<b>17</b>	<b>(8)</b>	<b>(6)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>			<b>28</b>	<b>9</b>	<b>23</b>
<b>Net increase (decrease) in cash and cash equivalents (I+II+III+IV)</b>			<b>(16)</b>	<b>22</b>	<b>(16)</b>
Exchange gains / (losses) on cash and cash equivalents			(0)	(3)	2
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			<b>12</b>	<b>28</b>	<b>9</b>

The accompanying notes on pages 9 to 59 are an integral part of these combined financial statements.



## COMBINED STATEMENT OF CHANGES IN INVESTED EQUITY

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

The accompanying notes on pages 9 to 59 are an integral part of these combined financial statements.

## 1 General information

Technicolor Creative Studios (TCS) offers Visual Effects ("VFX"), and animation services for the entertainment industry, and creative services and technologies for the advertising industry, through its award-winning creative studios The Mill, MPC, Mikros Animation, and Technicolor Games.

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

In these combined financial statements, the terms, "the Group", "TCS Group" and "Technicolor Creatives Studios" mean the issuer together with its combined affiliates. TCS business or businesses means the activities that were reported under the Technicolor Creative Studios operating segment in Technicolor consolidated financial statements. Technicolor means Technicolor SA Company and its affiliates or when describing transactions with TCS Group, Technicolor SA and affiliates that are not in the scope of TCS Group.

These combined financial statements are presented in Euro, which will be the Technicolor Creative Studios Group's parent company's functional and presentation currency.

### 1.1 Background of the combined financial statements

These combined financial statements were approved on June 9, 2022 by Technicolor SA, as President of Tech 8, prior to the transformation of Tech 8 into a Société Anonyme and the change of its corporate name to "Technicolor Creative Studios" ("TCS") in the context of the transactions announced by Technicolor on February 24, 2022, and in particular the intended partial spin-off and the listing of TCS to be submitted to Technicolor SA Shareholders General Meeting to be convened in September 22.

The Combined Group does not form a separate legal group of legal entities in all years presented. It has never issued standalone financial statements, either consolidated or combined. As result, the accompanying combined financial statements may not necessarily be indicative of the Combined Group's financial position, results of operations, or cash flows had the Combined Group operated as a separate entity during the periods presented. Furthermore, the combined financial statements do not reflect the financial impact of the actual separation of the Combined Group from Technicolor.

These Combined Financial Statements have been prepared under the responsibility of the legal representative of Tech 8 SAS on a standalone basis and are derived (carved-out) from Technicolor's consolidated financial statements and accounting records, which were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Accordingly, the Combined Financial Statements as of December 31, 2021, December 31, 2020 and December 31, 2019 are consistent with the estimates reflected in Technicolor's consolidated financial statements. The Combined Group has evaluated subsequent events and transactions for disclosure through the date the combined financial statements were available to be issued.

These financial statements have been prepared in order to provide comparative and historical information for the past three years according to the assumptions detailed in Note 1.3 and scope detailed in Note 15 to these financial statements.

In the event of a favorable vote by the shareholders at the aforementioned General Meeting, the combined financial statements will form an integral part of the consolidated financial statements of TCS for the periods prior to the spin-off.

### 1.2 Main events

#### 1.2.1. 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 in Technicolor SA consolidated financial statements) 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 Studios 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.

### 1.2.2. Covid-19 Pandemic

In 2021, Covid-19 affected immigration, travel and work practices. The Group constantly works on action plans to offset potential negative impacts and serve the growing demand for its operations.

Complying with evolving local and national government regulations and in consultation with local business leadership, Technicolor Creative Studios has continuously adjusted 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.

The Group received support from governments mainly in the first half of the year as the activity was still subdued (see note 3.3.2).

In 2020, starting from March 2020, MPC (Film and Episodic visual effects activity) has been significantly impacted as all live-action film shoots were suspended and theaters closed. As a result, new projects were put on hold during the second and third quarter 2020.

Following the major U.S. studios' reaching an agreement in September with all the key Hollywood unions, production activity began to accelerate during the fourth quarter 2020. Furthermore, a number of countries like Canada, France and the U.K. have launched pandemic-related support programs including wage subsidies and production insurance/indemnity schemes that provide pandemic-related coverage.

The Mill (Advertising activity) weakened starting from the second quarter 2020 due to the global macro-economic situation, causing advertisers to delay campaigns and reduce marketing budgets. However, activity was less impacted than MPC activity as brands were keen to maintain a bond with their customers. Animation and Games activity, with the ability to efficiently continue production from home, had a strong topline performance, achieving growth versus 2019; Post-Production was also significantly impacted by the live-action production stoppages.

Technicolor Creatives Studios organized itself to be able to deliver on existing contracts and take new ones with as much as possible of its workforce working remotely. Main impediments came from the strict lockdown in India and progressive ramp-up of work from home capacity. This resulted in idle labor costs and related fixed costs, as many Technicolor Creatives Studios artists were either not able to work or had no work during the second quarter 2020. On the other hand, the Group benefited from government support for furloughed employees in Australia, Canada, France and the UK. (see note 3.3.2 for further detail).

## 1.3 Accounting policies

### 1.3.1 Applicable accounting standards

#### ***Conformity with IFRS***

The combined financial statements of the Technicolor Creative Studios Group have been prepared in accordance with IFRS as issued by the IASB and endorsed by the EU.

In preparing the combined historical financial information, certain accounting conventions commonly used for the preparation of combined historical financial information have been applied. The term “combined financial statements” is used when referring to financial information prepared by aggregating financial statements of segments, separate entities or components of groups that fail to meet the definition of a “group” under IFRS 10 “consolidated financial statements” (“IFRS 10”). A key assumption underlying the preparation of combined financial statements is that there is a binding element for the economic activities throughout the period. The combined financial statements of the Technicolor Creative Studios Group have been prepared by aggregating the financial information of Technicolor Creative Studios Business that is bound together by common control but is not a legal group.

The combined financial statements of the Technicolor Creative Studios Group present the companies and the business activities of Technicolor that will be allocated to the Technicolor Creative Studios Business in connection with the completion of the Spin-off in the manner in which they were included in the IFRS consolidated financial statements of Technicolor in the past. Beginning January 1, 2019, Technicolor Creative Studios Group used the same accounting policies and valuation methods for the preparation of these combined financial statements, as those used by Technicolor in its preparation of its historical IFRS consolidated financial statements. The significant accounting policies used in the preparation of the combined financial statements have been disclosed under each relevant note.

#### ***Including a “First adoption of IFRS” part***

These combined financial statements being first IFRS financial statements in the meaning of IFRS 1, IFRS 1 has been applied as at January 1, 2019, which is the opening balance sheet date.

The Combined Group has prepared its financial statements for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 in accordance with IFRS 1 paragraph D16 (a).

When a subsidiary becomes a first-time adopter after its parent, IFRS 1 permits that the carrying amounts of its assets and liabilities should be the same in both its own opening IFRS balance and in its parents’ consolidated statement of financial position, excluding the effects of the business combination coming in which the parent acquired the subsidiary. Alternatively, the subsidiary may measure all its assets or liabilities based on its own date of transition to IFRSs. In this latter case, the options applied by the subsidiary under IFRS 1 may be different from those applied by its parents.

The Combined Group has chosen to prepare its opening IFRS financial statements based on the carrying amounts of its assets and liabilities in Technicolor’s consolidated statement of financial position (except for adjustments for consolidation procedures). The Technicolor Creative Studios business originated within the Technicolor Group with the acquisition of Technicolor by Thomson Multimedia; therefore the assets and liabilities do not include any revaluation of assets recognized as a result of this business combination (in particular the Technicolor Trademark). Consequently, the Combined Group has selected the same options under IFRS 1 as those applied by the Technicolor Group upon IFRS first adoption in 2004.

### 1.3.2 Principles applied in preparing the combined financial statements

The Technicolor Creative Studios Business did not form a separate legal group of companies in the periods presented. As a result, the accompanying combined financial statements of the Technicolor Creative Studios Group are derived (carved-out) from the Technicolor IFRS consolidated financial statements and accounting records. The combined financial statements include the assets and liabilities within Technicolor subsidiaries in such historical periods that are attributable to the Technicolor Creative

Studios Business and exclude the assets and liabilities within the Technicolor Creative Studios Group in such historical periods that are not attributable to the Technicolor Creative Studios Business. The combined financial statements include charges related to certain Technicolor business support functions including human resources operations, real estate services, procurement, information technology, and financial reporting and accounting operations historically accounted for in the TCS entities.

No allocations were made for Technicolor corporate governance and administrative functions, including board of directors and other corporate functions, such as tax, corporate governance and listed company compliance, investor relations, internal audit, treasury, and communications functions. Management believes that no allocation methodology was relevant as the TCS group will have to support its own corporate structure and previously benefited from these costs in a manner that would not be commensurate with any allocation key.

The following summarizes the accounting and other principles applied in preparing these combined financial statements:

### ***Scope of combined financial statements***

The scope of the combined financial statements has been determined based on the historical financial information of the Technicolor Creative Studios Business and is comprised of the business activities of the Technicolor Creative Studios Business that were historically conducted in direct and indirect subsidiaries of Technicolor and the Technicolor Creative Studios Business' investments in joint ventures and associates accounted for using the equity method.

Where the activities to be transferred by Technicolor to the Technicolor Creative Studios Group met the definition of a business in accordance with IFRS 3 "Business Combinations" ("IFRS 3") and were under Technicolor's common control for all periods presented, the relevant assets and liabilities as well as income and expenses were included in the combined financial statements for the whole of the reporting periods starting from January 1, 2019. Where business activities that met the definition of a business were sold or disposed during the reporting period, the relevant assets and liabilities as well as income and expenses were included in the combined financial statements as of and for the periods presented prior to the disposal date; in the case of the Post-Production business disposed in 2021, income and expenses are presented in discontinued operations over the periods presented and assets and liabilities are presented as held for sale in 2020. A full list of the entities included in the combined financial statements that will be allocated to the Technicolor Creative Studios Group as part of the Spin-off can be found in Note 15.

In the case of companies that service Technicolor Creative Studios Business but are not part of the Technicolor Creative Studios Group, the assets and liabilities and the employment contracts of the relevant employees will be transferred to the Technicolor Creative Studios Group. These transfers to existing or newly formed members of the Technicolor Creative Studios Group primarily are expected to take place, in the financial year 2023, after the Transition Service Agreement ("TSA") ends. For purposes of the combined financial statements, income, expenses, assets, liabilities and, where required, items recorded in accumulated other comprehensive income (loss) were attributed or allocated to the Technicolor Creative Studios Business based on management's best estimate before these transfers were completed. The opening balances used to prepare the 2019 Combined Statements of Cash Flows of Technicolor Creative Studios Group were determined by management based on the contribution of the Technicolor Creative Studios Business to the historical Technicolor balances taking into consideration specific facts and circumstances that existed as of January 1, 2019 and in subsequent years.

### ***Combination principles in the combined financial statements***

The transfers of business operations between the Technicolor Creative Studios Group and Technicolor were classified as transactions under common control. The Technicolor Creative Studios Group utilized

the predecessor accounting method of carrying forward the historical carrying amounts recorded by Technicolor.

All income, expenses, assets and liabilities economically attributable to the Technicolor Creative Studios Business were included in the combined financial statements. The combined financial statements also include joint ventures and associates accounted for using the equity method.

Outstanding balances and transactions within the Technicolor Creative Studios Group and all intercompany profits and losses from transactions within the Technicolor Creative Studios Group were eliminated for purposes of the combined financial statements.

In the Combined Statement of Cash Flows, operating transactions of the Technicolor Creative Studios Group with Technicolor were reported in the cash provided (required) by operating activities. Services recharged by Technicolor are also presented within cash generated from (used in) operating activities as were tax charges and benefits under the separate tax return approach. Financial and equity transactions reflecting the internal financing between the Technicolor Creative Studios Group and Technicolor (in particular cash pooling) are included in the cash provided (required) by financing activities. The transactions with Technicolor also include cash inflows and outflows in connection with transfer agreements between the members of the Technicolor Creative Studios Group and Technicolor, capital contributions and transfers from reserves in connection with the financial Safeguard in 2020 or Spin-off.

a) Invested equity

The Technicolor Creative Studios Business did not comprise a group of entities with a single parent entity during the years ended December 31, 2021, 2020 and 2019. Therefore, it is not meaningful to present share capital or an analysis of reserves. Changes in net assets attributed to the Technicolor Creative Studios Group are presented separately in the Combined Statement of Changes in Invested Equity through the line item "Net contributions from / (distributions to) Technicolor" and include allocation of income, expenses, assets and liabilities of Technicolor forming the Technicolor Creative Studios Business as well as in the Combined Statement of Cash Flow through the line item "Net contributions from / (distributions to) Technicolor", reflecting the internal equity financing between Technicolor and the Technicolor Creative Studios Group during the periods presented. Various members of the Technicolor Creative Studios Group have identified other foreign currencies as being their functional currencies. Foreign exchange gains and losses resulting from the translation of these entities' assets and liabilities at the respective balance sheet date exchange rates and their statement of income items at the average exchange rates for each of the periods presented are recognized in the Combined Statement of Other Comprehensive Income. Differences arising from translating the results for the period and net invested equity items are recorded in the reserve "Accumulated Other Comprehensive Income (Loss)" within the Combined Statements of Changes in Invested Equity.

b) Centrally provided services

As an independent listed group, Technicolor Creative Studios will have to set-up an independent corporate organization; no corporate costs that were borne by corporate Technicolor entities are included within the Technicolor Creative Studios Group combined financial statements.

c) Cash management and financing

In Technicolor, cash management and external financing is centralized and liquidity needs are mainly managed through internal cash pooling arrangements with central treasury management entities, out of TCS Group scope. The Technicolor Creative Studios Group's working capital needs have historically been funded mainly by cash pooling arrangements in addition to intercompany loans with Technicolor treasury entities. Cash from Technicolor Creative Studios' subsidiaries is transferred to Technicolor cash pooling arrangements, and Technicolor funds its subsidiaries operating and investing activities as necessary, including those of the Technicolor Creative Studios Group. Transactions between TCS companies and Technicolor, considered to be effectively cash settled at the time the transaction is recorded, are disclosed as due to / due from Technicolor in the combined statements of financial



position. Only external balances are disclosed as cash and cash equivalents. Refer to Note 8 for details on related parties' disclosures.

No portion of Technicolor's debt, cash, or cash equivalents have been attributed to these combined financial statements where as they were not historically owned by a legal entity that will be part of the Technicolor Creative Studios Group; furthermore the debt and related cash collateral that arose from the 2020 refinancing has not been included in the combined balance sheet even if it was borne by a scope entity as this debt was economically a liability of Technicolor SA (interests were recharged to Technicolor SA and the debt was guaranteed by Technicolor SA). In consequence, the cost of financing included in the combined financial statements may not necessarily represent what the finance costs would have been, had the Technicolor Creative Studios Group historically obtained financing on a stand-alone basis. These costs may not be indicative of the cost of financing for the Technicolor Creative Studios Group in the future.

Please refer to note 14 Subsequent events for more detail about the future financing structure of the Technicolor Creative Studios Group.

d) Lease liabilities

In the combined financial statements, intercompany lease contracts, where Technicolor Creative Studios is the lessor have been analyzed according to IFRS 16 as operating leases, leading the sublease income to be recognized in Other Income/Expenses net. They have been analysed as operating due to the fact that under common control and past practices, the leases contracts could be amended without penalty.

e) Income tax

During the periods presented in these combined financial statements, the members of the Technicolor Creative Studios Group that have been established as separate legal entities have operated as separate taxpayers. For these entities tax expense and tax liabilities or tax receivables in these combined financial statements are based on actual taxation. During the periods presented, the operations of certain members of the Technicolor Creative Studios Group have been included within other Technicolor legal entities. These Technicolor Creative Studios Group entities did not file separate tax returns. Tax expense in these combined financial statements has been determined as if the members of the Technicolor Creative Studios Group were separate taxpayers in the jurisdiction of their primary operations. Total tax expense for these hypothetical tax subjected entities was determined by applying the effective tax rate of the relevant members of the Technicolor Creative Studios Group to profit before tax. Current tax expense is the amount of tax payable or refundable based on each member of the Technicolor Creative Studios Group's hypothetical, current-year separate return. Deferred tax expense has been calculated based on changes in temporary differences. The tax charges recorded in the combined statements of income are not necessarily representative of the tax charges that may arise in the future. Tax losses of the entities included in the US and French tax group of Technicolor were attributed to the heads of these respective tax group, and therefore all benefits of these losses have been transferred out of TCS. As a consequence, no loss relating to these two countries have been recognized in the Financial Statements.

f) Share-based payments

The Technicolor Creative Studios Group's key personnel have historically participated in Technicolor's share-based incentive plans. The combined financial statements include employee costs related to these participations based on the awards and terms previously granted to the Technicolor Creative Studios group's employees. The historical cost of share-based payments may not be indicative of the future expenses that will be incurred through incentive schemes that will be established for the Technicolor Creative Studios Group's key personnel following the Spin-off.

g) Derivatives

Internal derivative financial contracts entered into by Technicolor and Technicolor Creative Studios subsidiaries have been valued as external derivative contracts by Technicolor Creatives Studios. A

separate treasury will be set-up prior to completion of the Spin-off, and entering derivative contracts for the benefit of Technicolor Creative Studios subsidiaries. The derivative financial instruments assigned to the combined financial statements are primarily (exclusively) foreign exchange rate forward contracts.

*h) Goodwill*

The goodwill amounts correspond to the historically reported amounts in the IFRS combined financial statements of Technicolor. In the Technicolor Group, the relevant Cash-generating unit for the Technicolor Creative Studios impairment test was at full Technicolor Creative Studios level. Historical Goodwill of the Technicolor Creative Studios does not include any amount related to the Technicolor acquisition by the Thomson Group in 2001 and includes the Goodwill from subsequent acquisitions such as MPC (2002), Mikros (2015) and The Mill (2015). A portion of the Goodwill of Technicolor Creative Studios was allocated as of January 2019 to the Post-Production operating segment, disposed in 2021.

However, Technicolor Creative Studios will monitor four operating segments, presented in note 3. Goodwill as of January 1<sup>st</sup> 2019 was therefore allocated to the operating segments based on their relative enterprise value at that time (including Post-Production, disposed in 2021).

*i) Pensions and similar obligations*

The combined financial statements include the pension obligations specifically assigned to Technicolor Creative Studios legal entities. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

*j) Earnings per share*

As the combined financial statements have been prepared on a carve-out basis, earnings per share is not a meaningful measure of financial performance for any of the periods presented. The Technicolor Creative Studios Group has not had share capital during the periods presented nor can a portion of Technicolor Creative Studios's outstanding shares be allocated to it. Therefore, Technicolor Creative Studios's management has determined that presenting an earnings per share ratio calculated on the carve-out information would not accurately reflect the historical earnings per share. Accordingly, the requirement of IAS 33 - Earnings per share to disclose earnings per share is not applicable.

### **1.3.3 Significant assumptions & estimates**

The financial information has been prepared using the historical cost convention.

- 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 9.4.1).

The preparation of combined 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 combined 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 Creative Studios's management believes the following to be the critical accounting policies and related judgments and estimates used in the preparation of its combined financial statements:

- Impairment of goodwill and intangible assets with indefinite useful lives (see notes 4.1, 4.2);
- 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);
- Deferred tax assets recognition (see note 6.2);

### 1.3.4 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 combined statement of financial position date. The differences arising on the translation of foreign currency operations are recorded in the combined 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	2019	2021	2020	2019
US Dollar (US\$)	1.1326	1.2271	1.1234	1.1851	1.1452	1.1206
Pound sterling (GBP)	0.8403	0.8990	0.8508	0.8615	0.8864	0.8776
Canadian Dollar (CAD)	1.4393	1.5633	1.4598	1.4868	1.5320	1.4878
Indian Roupee (INR)	84.2292	89.6605	80.1870	87.4940	84.5785	78.8850

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 combination

### 2.1 Scope and combination method

*The combined financial statements have been prepared on a “carve-out” basis from the consolidated financial statements of Technicolor SA as if IFRS 10, Consolidated Financial Statements had been applied throughout. A subsidiary is deemed controlled by the Combined Group on the basis of the control analysis performed at Technicolor level. An entity is fully consolidated when Technicolor has power over that entity, is exposed to variable benefits from that entity and, due to its power over that entity, has the ability to influence the benefits that it draws from it.*

*The financial statements of all subsidiaries are included in the combined financial statements from the date on which the control is obtained until the date on which this control ceases.*

*The constitution of the new Combined Group therefore results from transfers of entities or activities within Technicolor Group. These operations are therefore a business combination between entities under common control. This type of combination is excluded from the scope of IFRS 3 (“Business Combinations”). In the absence of an IFRS standard specifically applicable to such a transaction, the Combined Group has chosen to recognize them by using the existing book value (“predecessor value accounting”) in the Technicolor Group consolidated financial statements which have been prepared in accordance with IFRS as adopted by the European Union.*

For the years ended December 31, 2021, 2020 and 2019, Technicolor Creative Studios combined 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
Fully combined subsidiaries	7	8	2	2	4	23
Companies accounted for under the equity method	0	0	0	0	0	0
<b>TOTAL</b>	<b>7</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>23</b>

Number of companies as of December 31, 2020	FRANCE	EUROPE (exc. France)	U.S.	OTHER AMERICAS	ASIA & OCEANIA	TOTAL
Fully combined subsidiaries	7	8	6	2	4	27
Companies accounted for under the equity method	0	0	0	0	0	0
<b>TOTAL</b>	<b>7</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>27</b>

Number of companies as of December 31, 2019	FRANCE	EUROPE (exc. France)	U.S.	OTHER AMERICAS	ASIA & OCEANIA	TOTAL
Fully combined subsidiaries	4	12	6	2	3	27
Companies accounted for under the equity method	0	0	0	2	0	2
<b>TOTAL</b>	<b>4</b>	<b>12</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>29</b>

### 2.2 Change in the scope of combined accounts during 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. The gain on sale of Post Production activities is included in the net income from discontinued activities.(see note 13.1 for further detail).

## 2.3 Change in the scope of combined accounts during 2020

There was no significant change in the scope in 2020. However the Group disposed its 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.

## 2.4 Change in the scope of combined accounts during 2019

There was no significant change in the scope of in 2019.

# 3 Information on operations

## 3.1 Information by business segments

Technicolor Creative Studios has four continuing businesses and reportable operating segments that the business intends to follow under IFRS 8: MPC, The Mill, Mikros Animation and Technicolor Games. They have been regrouped in two business segment groups which share similar production processes, resources, and customer profiles. Previously, performance was followed in an aggregated manner and the information below is only presented for revenue.

Post-Production that was delivering services such as coloring and integration of visual effects to entertainment customers has been disposed in 2021 and is presented in discontinued activities. (see note 13.1 for further detail).

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

### MPC & Mikros Animation

Together, MPC and Mikros artists deliver contents for episodic and theatrical projects of entertainment producers.

These award-winning visual effects studios, now under the unitary MPC brand, unite artistry and creativity with technology and innovation. MPC bring decades of experience in delivering everything from breathtaking environments, down to the precise details of a full Computer-Graphic ("CG") character.

From episodic hits to major animated features, Mikros Animation work with leading animation studios. Its industry-leading facilities have become home to some of the world's most recognized and respected animators;

### The Mill & Technicolor Games

The Mill and Technicolor Games are delivering digital content to create new experiences for our customers' targets.

With the latest visual effects, CGI and immersive technologies, The Mill produce groundbreaking advertising, content and interactive marketing solutions for the world's biggest brands;

Technicolor Games focuses on the creative needs for the gaming industry and collaborates with many of the top game developers in the world.

### Corporate & Other

This segment will include 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 two operating segments of the Group;

	MPC & Mikros Animation	The Mill & Technicolor Games	Corporate & Other	TOTAL
(€ in million)	Year ended December 31, 2021			
<b>Statement of operations</b>				
Revenue	324	276	1	601
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>				<b>20</b>
Operating leases - rent payments				(22)
Operating leases - depreciation				16
Amortization of purchase accounting items				8
Restructuring costs				5
Other non current items				4
<b>EBITA after lease</b>				<b>31</b>
Depreciation & amortization <sup>(1)</sup>				43
Other non-cash items <sup>(2)</sup>				1
<b>EBITDA after lease</b>				<b>75</b>

<sup>(1)</sup> Excluding Cloud rendering and other usage based IT costs, operating lease depreciation and PPA amortization; including capital lease depreciation

<sup>(2)</sup> Mainly costs of equity settled share based compensation

	MPC & Mikros Animation	The Mill & Technicolor Games	Corporate & Other	TOTAL
(€ in million)	Year ended December 31, 2020			
<b>Statement of operations</b>				
Revenue	193	243	2	438
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>				<b>(100)</b>
Operating leases - rent payments				(21)
Operating leases - depreciation				17
Amortization of purchase accounting items				8
Restructuring costs				24
Other non current items				5
<b>EBITA after lease</b>				<b>(67)</b>
Depreciation & amortization <sup>(1)</sup>				55
Other non-cash items <sup>(2)</sup>				0
<b>EBITDA after lease</b>				<b>(12)</b>

<sup>(1)</sup> Excluding Cloud rendering and other usage based IT costs, operating lease depreciation and PPA amortization; including capital lease depreciation

<sup>(2)</sup> Mainly costs of equity settled share based compensation

	MPC & Mikros Animation	The Mill & Technicolor Games	Corporate & Other	TOTAL
(€ in million)	Year ended December 31, 2019			
<b>Statement of operations</b>				
Revenue	493	278	1	771
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>				<b>11</b>
Operating leases - rent payments				(25)
Operating leases - depreciation				21
Amortization of purchase accounting items				8
Restructuring costs				11
Other non current items				2
<b>EBITA after lease</b>				<b>29</b>
Depreciation & amortization <sup>(1)</sup>				64
Other non-cash items <sup>(2)</sup>				1
<b>EBITDA after lease</b>				<b>94</b>

<sup>(1)</sup> Excluding Cloud rendering and other usage based IT costs, operating lease depreciation and PPA amortization; including capital lease depreciation

<sup>(2)</sup> Mainly costs of equity settled share based compensation

The Group intends to follow two main financial indicators by operating segment. These indicators could not be computed retrospectively as allocation rules for many expenses could not be reliably established over the periods presented.

**EBITA after lease (EBITAal) :**

*EBIT adjusted positively by:*

- The amortization of intangibles that arose from acquisitions or disposals;
- Restructuring costs;
- Other non current items (including other income (expense), impairment gains (losses) and Capital gains (losses)).

*And negatively by:*

- The difference between operating lease payments and operating leased assets depreciation.

**EBITDA after lease (EBITDAal) :**

*EBITAal adjusted by*

- Depreciation and amortization, excluding Cloud rendering and other usage based IT costs, operating lease depreciation and PPA amortization; including capital lease depreciation;
- Non-cash income and expense such as Equity-settled share-based payments.

### 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.

#### MPC (prior Film & Episodic VFX) & Mikros Animation

MPC & Mikros Animation provides a wide-variety of visual effects for theatrical releases and TV series and animated features. Each release or season constitutes a project individually negotiated with the producing studio (i.e the customer), and considered as a single performance obligation. As the intellectual property of the project belongs to the customer (IFRS 15.35 b), revenue is recognized over time. Revenue is recognized according to the percentage of completion method. Percentage of completion is measured using labor costs to date divided by expected labor at completion.

Mikros IP produces owned and co-owned animation series and licenses it to broadcasters and other customers. Licensing revenue is recognized at a point in time: episode delivery for initial Broadcasters and upon sale of right to use for additional sales (other Broadcasters, renewals).

#### The Mill (prior Advertising) & Technicolor Games

The Mill provides Visual effects for brand contracts, as well as related services, such as live shooting production. Projects are generally awarded, delivered and invoices over a short period of time (typically three to six weeks). Technicolor Games provides assets such as Characters or objects for major Games Studios and other visual content. Revenue is recognized overtime according to paragraph 35 b) and 35 c) of IFRS 15. Revenue is recognized according to the percentage of completion method. Percentage of completion is measured using output measures.

#### 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	MPC	The Mill	Mikros Animation	Technicolor Games	Corporate & Other
Revenue recognized over time	593	242	265	74	11	-
Revenue from licenses	8	-	-	7	-	1
<b>Revenue of continuing operations</b>	<b>601</b>	<b>242</b>	<b>265</b>	<b>81</b>	<b>11</b>	<b>1</b>

(€ in million)	December 31, 2020	MPC	The Mill	Mikros Animation	Technicolor Games	Corporate & Other
Revenue recognized over time	432	133	234	55	9	1
Revenue from licenses	6	-	-	5	-	1
<b>Revenue of continuing operations</b>	<b>438</b>	<b>133</b>	<b>234</b>	<b>60</b>	<b>9</b>	<b>2</b>

(€ in million)	December 31, 2019	MPC	The Mill	Mikros Animation	Technicolor Games	Corporate & Other
Revenue recognized over time	759	435	269	47	9	(0)
Revenue from licenses	12	-	-	11	-	1
<b>Revenue of continuing operations</b>	<b>771</b>	<b>435</b>	<b>269</b>	<b>58</b>	<b>9</b>	<b>1</b>

Relating to performance obligations still to be satisfied, only VFX activities included in MPC & Mikros segment 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 amounted to €379 million as of December 31, 2021, €307 million as at December 31, 2020 and €262 million as at December 31, 2019 ; they were expected to be recognized mostly respectively in 2020, 2021 and 2022. Please note that in the entertainment industry, deferrals of release date of projects are not uncommon.

### Information on main clients

As of December 31, 2021, one external customer represents 13% of the Group's combined revenues (€76 million), another external customer represents about 12% (€70 million) and a third external customer represents about 11% (€69 million).

As of December 31, 2020, one external customer represents 9% of the Group's combined revenues (€38 million), another external customer represents about 8% (€35 million), and another external customer represents about other 8% (€34 million).

As of December 31, 2019, one external customer represents 19% of the Group's combined revenues (€147 million), another external customer represents about 13% (€101 million), and another external customer represents about 10% (€77 million).

### Information by geographical area

(€ in million)	U.S.	U.K.	Canada	France	Other	Total
<b>Revenue</b>						
<b>2021</b>	230	136	144	65	26	601
<b>2020</b>	194	95	91	37	20	438
<b>2019</b>	227	201	272	33	38	771
<b>Non-current Assets</b>						
<b>2021</b>	179	159	36	79	43	496
<b>2020</b>	159	160	38	75	45	476
<b>2019</b>	241	198	56	73	60	628

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

### 3.2.2 Contract balances

(€ in million)	2021	2020	2019
Trade receivables	63	57	71
Contract assets	74	42	62
Contract liabilities	77	36	36

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

### 3.3 Operating income & expenses

#### 3.3.1 Operating expenses

Main natures of operating expenses are labor (see note 11), real estate and IT costs; depreciation expense relate mainly to IT and real estate and is detailed in the notes 4.2 to 4.4.

The selling and marketing expenses include the following expenses.

	2021	2020	2019
Selling and marketing expenses	(15)	(15)	(19)
General and administrative expenses	(63)	(64)	(69)
<b>Selling and administrative expenses</b>	<b>(78)</b>	<b>(79)</b>	<b>(88)</b>

#### 3.3.2 Government grants

*According to IAS 20 government grants are transfers of resources to an entity by government in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is action by government designed to provide an economic benefit that is specific to an entity or range of entities qualifying under certain criteria.*

*An entity recognises government grants only when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.*

(€ in million)

	Year Ended December 31,		
	2021	2020	2019
Subsidies relating to Covid-19 pandemic	19	12	-
Operating subsidies	6	5	10
<b>Total</b>	<b>25</b>	<b>17</b>	<b>10</b>

In Technicolor Creatives Studios, operating subsidies received are mainly recognized in costs of sales and correspond to grants linked to business activity especially in France and Canada.

During 2021 and 2020, and due to Covid-19 pandemic hit on TCS business several countries put in place programs to provide financial help to mitigate the impact such as furlough in UK, emergency rent and wage subsidies in Canada, and other nature of wage grants in France and Australia.



### 3.3.3 Other income (expense)

*Other income (expense) mainly include gains and losses on disposals of fully combined 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	2019
Net capital gains	2	1	-
Litigations and other	(2)	(3)	-
<b>Other income (expense)</b>	<b>-</b>	<b>(2)</b>	<b>-</b>

### 3.4 Net financial income (expense)

(€ in million)	Year ended December 31,		
	2021	2020	2019
Interest income	10	5	4
Interest expense	(31)	(19)	(31)
Interest expense on lease debt	(9)	(9)	(11)
Other interest expense	(22)	(10)	(20)
<b>Net interest expense</b>	<b>(21)</b>	<b>(14)</b>	<b>(28)</b>
Net interest expense on defined benefit liability	(0)	(0)	(0)
Foreign exchange gain / (loss)	(0)	3	(3)
Other	1	(0)	0
<b>Other financial income (expense)</b>	<b>0</b>	<b>2</b>	<b>(3)</b>
<b>Net financial income (expense)</b>	<b>(21)</b>	<b>(12)</b>	<b>(30)</b>

For more details, please refer to note Related parties for the detail of interest income and other interest expense.

## 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.*

Technicolor Creatives Studios Group will be monitored under four dedicated business lines with MPC for Film & VFX, The Mill for Advertising, Mikros for Animation and Games.

The following table provides the allocation of goodwill to each Cash-Generating Unit (CGU) based on the organization effective as of December 31, 2021, 2020 and 2019 (refer to Note 4.5 for detail on impairment tests and 1.1 basis of preparation).

(€ in million)	MPC	The Mill	Mikros Animation	Post-Production	Total
<b>At January 1, 2019, net</b>	<b>122</b>	<b>23</b>	<b>37</b>	<b>4</b>	<b>186</b>
Exchange difference	4	0	1	0	6
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment loss	-	-	-	-	-
Other	-	-	-	-	-
<b>At December 31, 2019, net</b>	<b>126</b>	<b>24</b>	<b>38</b>	<b>4</b>	<b>192</b>
Exchange difference	(8)	(2)	(2)	(0)	(13)
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment loss	-	-	-	-	-
Other <sup>(1)</sup>	-	-	-	(3)	(3)
<b>At December 31, 2020, net</b>	<b>118</b>	<b>22</b>	<b>36</b>	<b>0</b>	<b>176</b>
Exchange difference	8	2	2	0	12
Acquisitions of businesses	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment loss	-	-	-	-	-
Other	(0)	0	-	(0)	(0)
<b>At December 31, 2021, net</b>	<b>126</b>	<b>23</b>	<b>38</b>	<b>0</b>	<b>188</b>

<sup>(1)</sup> Reclassification to Assets held for sale for the goodwill allocated to the Post Production disposal group

## 4.2 Intangible assets

*Intangible assets consist mainly of trademarks, 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 Creative Studios 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" or "Selling and administrative expenses".*

*Intangible assets with indefinite useful lives are not amortized but are attached to the Cash generating Unit and tested for impairment annually (see Note 4.5). As an exception, Technicolor Trademark is tested at Group level*

### **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. 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, 2020 and 2019 trademarks amounted respectively to €26 million, €27 million and €28 million consist mainly of The Mill® tradename.

Following the integration of the VFX brands MPC Film, MPC Episodic and Mr. X under MPC® an impairment of €2 million in 2021 has been recognized on the Mr. X® brand to account for the business transformation and rebranding of the VFX studios.

### **4.2.2 Customer relationship and other intangible assets**

#### **Customer relationship**

*Customer relationships that are acquired through business combinations are amortized over the expected useful life of such relationships, which has been assessed at 12 years for The Mill customer relationship. The initial valuation methodology is generally the excess profit method using the attributable discounted future cash flows expected to be generated. They are tested for impairment only if management identifies triggering events that may result in a loss of value of such assets.*

#### **Other intangibles assets**

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

*Expenses related to Intellectual property generation of Mikros IP are capitalized based on the recoverable amount, assessed from guaranteed and highly probable sales. Periodic impairment tests are made with latest business plans. Depreciation is based on the revenue pattern, which is highly concentrated on initial sales for new franchises.*

(€ in million)	Trademarks	Customer Relationships	Other intangibles	Total Intangible Assets
<b>At January 1, 2019 , net</b>	<b>27</b>	<b>71</b>	<b>41</b>	<b>139</b>
<i>Cost</i>	27	98	140	265
<i>Accumulated depreciation</i>	-	(27)	(99)	(126)
Exchange differences	1	2	1	5
Additions	-	-	24	24
Depreciation charge	-	(8)	(21)	(29)
Other	-	-	(19)	(19)
<b>At December 31, 2019, net</b>	<b>28</b>	<b>65</b>	<b>25</b>	<b>118</b>
<i>Cost</i>	28	102	148	277
<i>Accumulated depreciation</i>	0	(36)	(123)	(159)
Exchange differences	(1)	(4)	(1)	(7)
Additions	-	-	25	25
Disposal	-	-	-	-
Depreciation charge	-	(8)	(20)	(28)
Impairment loss	-	-	(3)	(3)
Other	-	-	(4)	(4)
<b>At December 31, 2020, net</b>	<b>27</b>	<b>53</b>	<b>23</b>	<b>102</b>
<i>Cost</i>	27	95	154	275
<i>Accumulated depreciation</i>	(0)	(42)	(131)	(173)
Exchange differences	2	4	-	5
Additions	-	-	18	18
Depreciation charge	-	(8)	(21)	(29)
Impairment loss	(2)	-	-	(3)
Other	-	-	-	-
<b>At December 31, 2021, net</b>	<b>26</b>	<b>48</b>	<b>22</b>	<b>96</b>
<i>Cost</i>	28	102	165	295
<i>Accumulated depreciation</i>	(2)	(53)	(143)	(199)

The customer relationship was recognized as an intangible asset as an element of the purchase price allocation following the acquisition of the Mill in 2015.

### 4.3 Property, plant & equipment

All Property, Plant and Equipment (PPE) are recognized at cost less any depreciation and impairment losses. They are amortized using the straight-line method over the useful life of the asset which ranges from 1 to 5 years for materials and machinery, and the leasehold improvements which are presented. 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)	Machinery & Equipment	Other Tangible Assets	TOTAL
<b>At January 1, 2019 , net</b>	<b>9</b>	<b>100</b>	<b>109</b>
Cost	233	287	523
Accumulated depreciation	(224)	(186)	(414)
Exchange differences	-	2	3
Additions	0	35	35
Depreciation charge	(5)	(25)	(30)
Impairment loss	0	-	-
Other <sup>(1)</sup>	5	(40)	(35)
<b>At December 31, 2019, net</b>	<b>9</b>	<b>72</b>	<b>81</b>
Cost	205	267	473
Accumulated depreciation	(196)	(195)	(391)
Exchange differences	-	(3)	(4)
Additions	0	8	9
Depreciation charge	(4)	(23)	(28)
Impairment loss	0	-	-
Other <sup>(2)</sup>	(2)	(5)	(7)
<b>At December 31, 2020, net</b>	<b>3</b>	<b>48</b>	<b>51</b>
Cost	58	160	219
Accumulated depreciation	(55)	(112)	(167)
Exchange differences	-	2	2
Additions	-	17	17
Disposals	0	(2)	(2)
Depreciation charge	(1)	(17)	(18)
Other	0	(5)	(5)
<b>At December 31, 2021, net</b>	<b>1</b>	<b>44</b>	<b>46</b>
Cost	63	224	287
Accumulated depreciation	(61)	(180)	(240)

(1) Corresponds to reclassification to Right-of-Use assets and transfer to Machinery and Equipment

(2) Corresponds to the transfer of tangible assets to assets held for sale and to Machinery and Equipment

Other tangibles assets are mainly composed of computers, IT equipments and leasehold improvements.

#### 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 direct 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 <sup>(1)</sup>	Total Right-of-use assets
<b>IFRS 16 first time application</b>	<b>193</b>	<b>63</b>	<b>256</b>
New contracts	10	-	10
Change in contracts	(4)	(0)	(4)
Depreciation charge	(28)	(27)	(55)
Impairment loss <sup>(2)</sup>	(2)	-	(2)
Exchange differences	1	2	3
<b>At December 31, 2019, net</b>	<b>171</b>	<b>38</b>	<b>209</b>
New contracts	1	3	4
Change in contracts	(3)	-	(3)
Reclassification <sup>(3)</sup>	(47)	-	(47)
Depreciation charge	(24)	(24)	(48)
Impairment loss <sup>(2)</sup>	(9)	-	(9)
Exchange differences	(6)	(2)	(8)
<b>At December 31, 2020, net</b>	<b>84</b>	<b>14</b>	<b>98</b>
New contracts	21	22	43
Change in contracts	2	-	2
Reclassification	2	-	2
Depreciation charge	(16)	(15)	(30)
Impairment loss <sup>(3)</sup>	(3)	-	(3)
Exchange differences	4	2	6
<b>At December 31, 2021, net</b>	<b>94</b>	<b>23</b>	<b>117</b>

<sup>(1)</sup> Relates mainly to IT capital leases

<sup>(2)</sup> See Note 4.5

<sup>(3)</sup> Transfer of net right-of-use towards held for sale following the announcement of the sale of the Post Production activity.

At December 31, 2021, 2020 and 2019 leased assets mainly comprise office premises and other real estate leases.

Total cash outflows on leases (excluding annual lease costs on short term leases and low value assets leases) in the years ended December 31, 2021, 2020 and 2019 amounted to €34 million, €49 million and €48 million respectively. This amounts includes onerous leases and leases paid on the disposed Post-Production business.

A maturity analysis of the lease liability is disclosed in note 9.5.5.

## 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 that are expected to benefit from the synergies. The Group identified 4 CGUs corresponding to the operating segments.*

*PPE and intangible assets having a definite useful life are tested for impairment at the combined 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), 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) 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 of the Group.*

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

*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 Creative Studios'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 CGU 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 Creative Studios 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. The Group will determine which indicators it retains after the spin-off.*

*Management believes the updated assumptions used concerning sales growth and terminal values are reasonable and in line with updated market data available for each CGU.*



(€ in million)	2021	2020	2019
Impairment loss on goodwill	-	-	-
Impairment losses on intangible assets	(2)	(3)	(1)
Impairment losses on tangible assets	(0)	(0)	(0)
Impairment losses on right-of-use assets	(3)	(9)	(2)
<b>Impairment losses on non-current operating assets</b>	<b>(5)</b>	<b>(12)</b>	<b>(2)</b>
Impairment reversal on intangible assets	-	-	-
<b>Net impairment losses on non-current operating assets</b>	<b>(5)</b>	<b>(12)</b>	<b>(2)</b>

At December 31, 2021, the Group has recognized an impairment loss on the right-of-use-assets of €3 million versus €9 million in 2020 and €2 million in 2019. In 2021, 2020 and 2019, part of this impairment loss for respectively €1 million, €9 million and €1 million were booked in the restructuring costs line of the combined 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, 2020 and 2019

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:

	2021	2020	2019
Basis used to determine the recoverable amount	Value in use	Value in use	Fair Value
Description of key assumptions	Budget and Business Plans		
Period for projected future cash flows	5 years	5 years	5 years
Growth rate used to extrapolate cash flow projections beyond projection period:			
- As of December 31,	3.0%	2.0%	2.0%
Post-tax discount rate applied:			
- As of December 31,	9.6%	11.1%	8.0%

The group elaborates its budgets and business plan using available general market and industry surveys, information from its customers and its knowledge of the industry.

The goodwill amounts correspond to the historically reported amounts in the IFRS consolidated financial statements of Technicolor. In the Technicolor Group, the relevant Cash-generating unit for the Technicolor Creative Studios impairment was at full Technicolor Creative Studios level. However, Technicolor Creative Studios was following sub-CGUs, which are the operating segments of the Technicolor Creative Studios Group. Goodwill as of January 1st 2019 was therefore allocated to the operating segments based on their relative enterprise value at that time (including Post-Production, disposed in 2021), and tested at Group level only for each year presented in these combined financial statements.

The Group recorded no impairment charge on Goodwill over the 3 years.



## 4.5.2 Sensitivity of recoverable amounts

The following sensitivity is presented at Group level on the total enterprise value of the Group.

As at December 31, 2021:

- 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 €201 million without generating any impairment;
- an increase of 1 point in the WACC rate assumption would decrease the enterprise value by €222 million without generating any impairment.

As at December 31, 2020:

- a decrease of 1 point in the long-term growth rate assumption would decrease the enterprise value by €62 million without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2021 would decrease the enterprise value by €100 million without generating any impairment;
- an increase of 1 point in the WACC rate assumption would decrease the enterprise value by €93 million without generating any impairment.

As at December 31, 2019:

- a decrease of 1 point in the long-term growth rate assumption would decrease the enterprise value by €197 million without generating any impairment;
- a decrease of 1 point of the EBITDA margin from 2020 would decrease the enterprise value by €188 million without generating any impairment;
- an increase of 1 point in the WACC rate assumption would decrease the enterprise value by €256 million without generating any impairment.

## 5 Other operating information

### 5.1 Operating assets & liabilities

#### 5.1.1 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	2019
Trade receivables	64	58	73
Less: valuation allowance	(1)	(1)	(2)
<b>Total trade receivables</b>	<b>63</b>	<b>57</b>	<b>71</b>

As of December 31, 2021, 2020 and 2019 trade accounts receivable include more than 30 days past due amounts respectively for €8 million, €12 million and, €12 million for which a valuation allowance was recorded for an amount of €(1) million, €(2) million and €(3) million.

The credit risk exposure on the Group's trade receivables corresponds to the net book value of these assets €63 million as of December 31, 2021 compared to €57 million as of December 31, 2020 and €71 million in 2019.

### 5.1.2 Other current assets & liabilities

(€ in million)	2021	2020	2019
Value added tax receivable	8	4	2
Prepaid expenses	17	15	17
Other	8	19	17
<b>Other operating current assets</b>	<b>33</b>	<b>38</b>	<b>36</b>
Taxes payable	(13)	(16)	(16)
Payables for fixed assets	(13)	(2)	(3)
Other	(13)	(15)	(13)
<b>Other operating current liabilities</b>	<b>(39)</b>	<b>(33)</b>	<b>(32)</b>

Prepaid expenses relate mainly to prepaid IT maintenance and services.

## 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). 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	2019
<b>Current income tax</b>			
France	(0)	(1)	(1)
<b>Foreign</b>	<b>(12)</b>	<b>(4)</b>	<b>(1)</b>
<b>Total current income tax</b>	<b>(12)</b>	<b>(5)</b>	<b>(2)</b>
<b>Deferred income tax</b>			
France	-	(0)	(5)
<b>Foreign</b>	<b>(6)</b>	<b>15</b>	<b>(2)</b>
<b>Total deferred income tax</b>	<b>(6)</b>	<b>15</b>	<b>(6)</b>
<b>Income tax on continuing operations</b>	<b>(18)</b>	<b>10</b>	<b>(8)</b>

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

In 2020, the current income tax charge is mainly made of current taxes due in Canada, India and UK.  
In 2019, the current income tax charge is mainly made of current taxes due in France and India.  
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 respectively of 28.41% in 2021, 32.023% in 2020 and 34.43% in 2019– and the reported tax expense. The items in reconciliation are described hereafter:

(€ in million)	2021	2020	2019
<b>Loss from continuing operations</b>	<b>(18)</b>	<b>(102)</b>	<b>(27)</b>
Income tax	(18)	10	(8)
<b>Pre-tax accounting income on continuing operations</b>	<b>(0)</b>	<b>(112)</b>	<b>(19)</b>
	28%	32%	34%
<b>Expected tax expense</b>	<b>0</b>	<b>36</b>	<b>7</b>
Effect of unused tax losses and tax offsets not recognized as deferred tax assets <sup>(1)</sup>	(14)	(12)	(6)
Effect of permanent differences	0	1	(7)
Effect of different tax rates applied <sup>(2)</sup>	(2)	(13)	(1)
Effect of change in applicable tax rate	(1)	(1)	(1)
Withholding taxes not recovered		(1)	
<b>Effective tax expense on continuing operations</b>	<b>(18)</b>	<b>10</b>	<b>(8)</b>

<sup>(1)</sup> This line refers to valuation allowance of deferred tax assets generated on the losses and other temporary differences mainly in France, UK and USA.

<sup>(2)</sup> In 2020, the amount includes mainly the impact of the tax differential rate in USA and UK.

## 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 combined 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
<b>Year ended December 31, 2018</b>	<b>16</b>	<b>(12)</b>	<b>4</b>
Changes impacting continuing profit or loss	(10)	4	(6)
Other movement	4	(5)	(1)
<b>Year ended December 31, 2019</b>	<b>10</b>	<b>(14)</b>	<b>(3)</b>
Changes impacting continuing profit or loss	9	5	15
Other movement	3	(3)	(0)
<b>Year ended December 31, 2020</b>	<b>22</b>	<b>(11)</b>	<b>11</b>
Changes impacting continuing profit or loss	(2)	(4)	(6)
Other movement	2	(1)	1
<b>Year ended December 31, 2021</b>	<b>22</b>	<b>(16)</b>	<b>6</b>

As of December 31, 2021, 2020 and 2019 the net deferred tax assets amounting respectively to €6million, €11 million and €(3)milion mainly relate to the recognition of losses carried forward and other temporary differences in Australia , India, UK and Canada.

## 6.2.2 Source of deferred taxes

(€ in million)	2021	2020	2019
<b>Tax losses carried forward</b>	<b>14</b>	<b>9</b>	<b>8</b>
<b>Tax effect of temporary differences related to:</b>			
Property, plant and equipment	19	21	13
Intangibles assets and Goodwill	(14)	(7)	(14)
Investments and other non-current assets			
Receivables and other assets	-	-	
Retirement benefit obligations	3	3	3
Restructuring provisions	2	1	1
Provisions and other liabilities	4	7	8
<b>Total deferred tax on temporary differences</b>	<b>14</b>	<b>25</b>	<b>11</b>
<b>Deferred tax assets / (liabilities) before netting</b>	<b>28</b>	<b>34</b>	<b>19</b>
Valuation allowances on deferred tax assets	(22)	(23)	(22)
<b>Net deferred tax assets / (liabilities)</b>	<b>6</b>	<b>11</b>	<b>(3)</b>

The Group reports tax losses carried forward generated in countries where the Group will conduct a business in the future. Tax losses mainly arose from Mexico, Netherlands and UK. No tax losses have been presented for France and USA.

## 7 Invested Equity

### **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 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.

In 2019, there is no change in non-controlling interests.

## 8 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.*

The Group has historically operated as part of Technicolor and had no separate legal status. For the purpose of combined Financial Statements, related party relationships include Technicolor SA, its subsidiaries which are not included in the TCS Group's scope of combination as defined by IAS 24 Related party disclosures.

Operating transactions with Technicolor are almost nil as direct and indirect support functions are included in the scope of combination as indicated in the Basis of preparations and as no cost for corporate functions has been allocated.

(€ in million)

	Year Ended December 31,		
	2021	2020	2019
<b>Assets</b>			
Cash pool receivable with Technicolor entities	178	64	138
Other assets with Technicolor entities	2	2	2
<b>Total Related party receivable</b>	<b>180</b>	<b>66</b>	<b>140</b>
<b>Liabilities</b>			
Cash pool borrowings with Technicolor entities	215	235	173
Other liabilities with Technicolor entities	4	2	7
<b>Total Related party liabilities</b>	<b>219</b>	<b>237</b>	<b>180</b>
<b>Operating result</b>			
Revenues with Technicolor entities	1	1	1
Operating expenses with Technicolor entities	0	0	(1)
<b>Net operating expenses from related parties</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>Financial result</b>			
Net financial income with Technicolor entities	10	4	3
Net financial expense with Technicolor entities	(22)	(10)	(20)
<b>Net interest expenses from related parties</b>	<b>(12)</b>	<b>(6)</b>	<b>(17)</b>

No other related party transactions other than key management remuneration has been identified in 2021, 2020 and 2019.

## 9 Financial assets, financing liabilities & derivative financial instruments

### 9.1 Financial assets

#### Cash and cash equivalents

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

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

(€ in million)	2021	2020	2019
Cash	11	28	9
Cash equivalents	1	1	0
<b>Cash and cash equivalents</b>	<b>12</b>	<b>28</b>	<b>9</b>

### 9.2 Financial liabilities

#### 9.2.1 Borrowings

##### 9.2.1.1 Main features of the Group's borrowings

The Group's debt consists primarily of short term borrowings from Technicolor SA and lease liabilities. The Group's subsidiaries also deposit excess cash with Technicolor SA. Details are given in the two tables below.

(€ in million)	2021	2020	2019
Borrowings from Technicolor SA	216	235	173
Lease liabilities	134	114	222
Other debt	1	1	1
<b>TOTAL</b>	<b>351</b>	<b>350</b>	<b>397</b>

<i>Average interest rate based on closing debt balances</i>	7.93%	7.18%	6.86%
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(€ in million)	2021	2020	2019
Deposits with Technicolor SA	178	64	138

##### 9.2.1.2 Key terms of the borrowing and deposit agreements

The Group's subsidiaries have entered into Treasury Management Agreements with Technicolor SA. These agreements allow the Technicolor SA central treasury to optimize financing arrangements within the Technicolor SA group for the mutual benefit of all parties by using the cash surpluses of some subsidiaries to finance the cash needs of others. Only the net amount is borrowed externally. These borrowings and deposits are recorded on internal current accounts with Technicolor SA treasury which bear interest at an arms-length rate.

The lease liabilities consist mainly of leases of real estate and to a lesser extent leases of computers and servers.



### 9.3 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 by the Technicolor SA treasury 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.

#### 9.3.1 Financial derivative portfolio

The Group hedges its foreign currency exposures with the Technicolor SA treasury. The fair value of these hedges are given below.

	2021		2020		2019	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Foreign currency hedges	1	1	0	0	0	1



### Foreign currency hedge characteristics

The foreign currency hedges outstanding are shown in the tables below:

#### 2021

(€ in million)	Currencies	Notional <sup>(1)</sup>	Maturity	Fair Value <sup>(2)</sup>
Forward purchases/sales	USD / GBP	28	2022	0
Forward purchases/sales	USD / CAD	10	2022	0
<b>Fair value</b>				<b>0</b>

#### 2020

(€ in million)	Currencies	Notional <sup>(1)</sup>	Maturity	Fair Value <sup>(2)</sup>
Forward purchases/sales	USD / GBP	21	2021	0
Forward purchases/sales	USD / CAD	4	2021	0
<b>Fair value</b>				<b>0</b>

#### 2019

(€ in million)	Currencies	Notional <sup>(1)</sup>	Maturity	Fair Value <sup>(2)</sup>
Forward purchases/sales	USD / GBP	14	2020	0
Forward purchases/sales	USD / CAD	(21)	2020	0
<b>Fair value</b>				<b>0</b>

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

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

### Interest rate hedge characteristics

The Group did not have any interest rate hedging instruments outstanding during the three years 2019-2021.

### Characteristics of instruments not documented as hedges

During the period 2019-2021 the Group did not have any outstanding instruments that were not documented as hedges.

## **9.3.2 Impact of derivative financial instruments on Group performance**

The Group's policy is to hedge forecast commercial transactions (cash flow hedge) and at each year-end the fair value of the portion of these derivatives that hedge forecast cash flows is calculated and the amount recorded in net equity. At the end of the years 2021, 2020 and 2019 this impact and the amount recorded in net equity was 0 and at the end of 2018 the amount was €(3) million. Given that most of the Group's outstanding hedges at any given year-end are fully used in the following year, these amounts are an approximation of the impacts of the effective portion of hedge instruments in the following year's results. Therefore the impacts of the effective portion of foreign exchange hedges can be estimated as 0 in 2021 and 2020 and €(3) million in 2019.

The impact of the ineffective portions of foreign exchange hedges due to forward points on forward exchange operations and losses on the reduction of overhedges was 0 in each of the years 2021, 2020 and 2019.

## 9.4 Fair values

### 9.4.1 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).

#### 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 9.3.

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				
		Amortized costs	Fair value through profit & loss	Fair value through equity	Derivatives Instruments	Fair Value measurement
<b>Non-consolidated Investments</b>	<b>1</b>	-	1	-	-	Level 3
Cash collateral & security deposits	10	10	0	-	-	Level 1
Loans & others	4	4	-	-	-	
Subleases receivables	0	0	-	-	-	
Derivative financial instruments	-	-	-	-	-	Level 2
<b>Other non-current financial assets</b>	<b>14</b>					
<b>Total non-current financial assets</b>	<b>14</b>					
Cash collateral and security deposits	2	2	0	-	-	Level 1
Other current financial assets	178	178	-	-	-	
Derivative financial instruments	0	-	-	-	0	Level 2
<b>Other financial current assets</b>	<b>181</b>					
Cash	11	-	11	-	-	Level 1
Cash equivalents	1	-	1	-	-	Level 1
<b>Cash and cash equivalents</b>	<b>12</b>					
<b>Total current financial assets</b>	<b>193</b>					
Non current borrowings	(1)	(1)	-	-	-	
<b>Borrowings</b>	<b>(1)</b>					
Derivative financial instruments	(0)	-	-	-	(0)	Level 2
<b>Other non-current liabilities</b>	<b>(0)</b>					
<b>Lease liabilities</b>	<b>(107)</b>	(107)	-	-	-	
<b>Total non-current financial liabilities</b>	<b>(108)</b>					
<b>Borrowings</b>	<b>(216)</b>	(216)	-	-	-	
<b>Lease liabilities</b>	<b>(27)</b>	(27)	-	-	-	
Derivative financial instruments	(0)	-	-	-	(0)	
<b>Other current financial liabilities</b>	<b>0</b>	-	-	-	0	Level 2
<b>Total current financial liabilities</b>	<b>(243)</b>					
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(351)</b>					
Trade accounts and notes receivable	63	63				
<b>TRADE RECEIVABLES</b>	<b>63</b>					
Trade accounts and notes payable	40	40				
<b>TRADE PAYABLES</b>	<b>40</b>					

(€ in million)	At December 31, 2020, net	Fair value measurement by accounting categories as of December 31, 2020				
		Amortized costs	Fair value through profit & loss	Fair value through equity	Derivatives Instruments	Fair Value measurement
<b>Non-consolidated Investments</b>	<b>0</b>	-	0	-	-	Level 3
Cash collateral & security deposits	14	14	0	-	-	Level 1
Loans & others	2	2	-	-	-	
Subleases receivables	0	0	-	-	-	
Derivative financial instruments	-	-	-	-	-	Level 2
<b>Other non-current financial assets</b>	<b>16</b>	-	-	-	-	
<b>Total non-current financial assets</b>	<b>16</b>					
Cash collateral and security deposits	0	0	0	-	-	Level 1
Other current financial assets	65	65	-	-	-	
Derivative financial instruments	0	-	-	-	0	Level 2
<b>Other financial current assets</b>	<b>65</b>	-	-	-	-	
Cash	28	-	28	-	-	Level 1
Cash equivalents	1	-	1	-	-	Level 1
<b>Cash and cash equivalents</b>	<b>28</b>	-	-	-	-	
<b>Total current financial assets</b>	<b>93</b>					
Non current borrowings	(1)	(1)	-	-	-	
<b>Borrowings</b>	<b>(1)</b>					
Derivative financial instruments	-	-	-	-	-	Level 2
<b>Other non-current liabilities</b>	<b>-</b>					
<b>Lease liabilities</b>	<b>(86)</b>	(86)	-	-	-	
<b>Total non-current financial liabilities</b>	<b>(87)</b>					
<b>Borrowings</b>	<b>(235)</b>	(235)	-	-	-	
<b>Lease liabilities</b>	<b>(28)</b>	(28)	-	-	-	
Derivative financial instruments	0	-	-	-	-	
<b>Other current financial liabilities</b>	<b>0</b>	-	-	-	0	Level 2
<b>Total current financial liabilities</b>	<b>(263)</b>					
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(350)</b>					
Trade accounts and notes receivable	57	57				
<b>TRADE RECEIVABLES</b>	<b>57</b>					
Trade accounts and notes payable	28	28				
<b>TRADE PAYABLES</b>	<b>28</b>					

(€ in million)	At December 31, 2019, net	Fair value measurement by accounting categories as of December 31, 2019				
		Amortized costs	Fair value through profit & loss	Fair value through equity	Derivatives Instruments	Fair Value measurement
<b>Non-consolidated Investments</b>	<b>0</b>	-	0	-	-	Level 3
Cash collateral & security deposits	5	4	1	-	-	Level 1
Loans & others	1	1	-	-	-	
Subleases receivables	0	0	-	-	-	
Derivative financial instruments	-	-	-	-	-	Level 2
<b>Other non-current financial assets</b>	<b>5</b>	-	0	-	-	
<b>Total non-current financial assets</b>	<b>5</b>					
Cash collateral and security deposits	0	-	-	-	-	Level 1
Other current financial assets	139	139	-	-	-	
Derivative financial instruments	0	-	-	-	-	Level 2
<b>Other financial current assets</b>	<b>139</b>	-	-	-	-	
Cash	9	-	9	-	-	Level 1
Cash equivalents	0	0	0	-	-	Level 1
<b>Cash and cash equivalents</b>	<b>9</b>	-	-	-	-	
<b>Total current financial assets</b>	<b>148</b>					
Non current borrowings	(1)	(1)	-	-	-	
<b>Borrowings</b>	<b>(1)</b>					
Derivative financial instruments	-	-	-	-	-	Level 2
<b>Other non-current liabilities</b>	<b>-</b>					
<b>Lease liabilities</b>	<b>(174)</b>	(174)	-	-	-	
<b>Total non-current financial liabilities</b>	<b>(175)</b>					
Borrowings	(174)	(174)	-	-	-	
<b>Lease liabilities</b>	<b>(48)</b>	(48)	-	-	-	
Derivative financial instruments	(0)	-	-	-	-	
<b>Other current financial liabilities</b>	<b>(0)</b>	-	-	-	(0)	Level 2
<b>Total current financial liabilities</b>	<b>(223)</b>					
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(397)</b>					
Trade accounts and notes receivable	71	71				
<b>TRADE RECEIVABLES</b>	<b>71</b>					
Trade accounts and notes payable	53	53				
<b>TRADE PAYABLES</b>	<b>53</b>					

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.

## 9.5 Financial instruments and risk management objectives and policies

### 9.5.1 Market risk

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

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

All financial market risks are monitored continually and reported regularly to the Chief Financial Officer, the Investment Committee and the Audit Committee of Technicolor SA 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 Internal Control Department.

## 9.5.2 Interest rate risk

### 9.5.2.1 Exposure to interest rate risk

The Group is mainly exposed to interest rate risk on its deposits and indebtedness. All of the Group's short term borrowings with Technicolor SA are at floating rate while all of its lease liabilities are at fixed rate.

The portion of the Group's financial debt exposed to floating interest rates in each of the three years is shown below. The Group does not have any interest rate hedging operations outstanding.

(€ in million)	2021	2020	2019
Debt	351	350	397
Percentage at floating rate	61%	67%	44%

In all three years the Group's deposits were entirely at floating rate.

### 9.5.2.2 Interest rate risk management

The Group did not have any interest rate hedging instruments outstanding during the three years 2019-2021.

### 9.5.2.3 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. This impact is applied to the net of the Group's borrowings at floating rate with its external deposits and its deposits with Technicolor SA.

Maximum impact over one year on the net exposure on net cash interest and on equity before taxes			
	2021	2020	2019
Impact of interest rate variation of +1%	0	(1)	0
Impact of interest rate variation of -1%	0	1	0

## 9.5.3 Foreign exchange risk

### 9.5.3.1 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).

### 9.5.3.2 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 sales in U.S. dollar versus Canadian dollar, versus British pound and and versus Indian rupee. In 2021, 2020 and 2019 these sales versus Canadian dollars were U.S. dollar 17 million; 20 million and 167 million respectively. In 2021, 2020 and 2019 these sales versus

British pounds were U.S. dollar 13 million; 5 million and 19 million respectively. In 2021, 2020 and 2019 these sales versus Indian rupee were U.S. dollar 91 million; 72 million and 90 million respectively.

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 Technicolor SA treasury department which puts in place intercompany hedges with the subsidiaries of the Group and in turn hedges the net exposures 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.

The derivative instruments that the Group has with Technicolor SA treasury used are described in note 9.3.

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

#### 9.5.3.3 Transaction Risk - Financial

The Group's policy is to borrow cash needs from, and lend surplus cash to, the Technicolor SA treasury, which in turn satisfies net liquidity needs by borrowing externally. Subsidiaries that cannot enter into transactions with Technicolor SA treasury because of local laws or restrictions may borrow or invest with local banks in accordance with the rules established by the Technicolor SA treasury.

All of Group's subsidiaries borrow or invest excess cash in their functional currency thus preventing any foreign exchange risk on financial assets and liabilities.

#### 9.5.3.4 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, 2020 and 2019, no hedges of this type were outstanding.

#### 9.5.3.5 Foreign Currency

The Group's main exposure is the fluctuation of the U.S. dollar against the Canadian dollar, the British pound and the Indian rupee.

The Group believes a 10% fluctuation in the U.S. dollar versus these currencies 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 these currencies on the Group's Profit from continuing operations before tax and net finance costs. 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.

Profit from continuing operations before tax and net finance costs <sup>(1)</sup>	2021	2020	2019
<b>Transaction impact</b>	9	4	25
<b>Translation impact</b>	-2	-4	1
<b>Total</b>	<b>8</b>	<b>0</b>	<b>26</b>

<sup>(1)</sup> Profit impact is calculated as follows:

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

#### 9.5.4 Credit and counterparty risk management

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

- credit risk on trade receivables is managed based on policies that take into account the credit quality and history of customers. 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 €12 million at December 31, 2021, €28m at December 31, 2020 and €9m at December 31, 2019. 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.
- the financial instruments used by the Group to manage its currency exposure are all undertaken with Technicolor SA which in turn executes transactions 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.

The Group's clients are mainly large well financed studios, video streaming companies and advertising agencies 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, via Technicolor SA treasury, works only with highly rated financial counterparts whose financial creditworthiness has not changed significantly due to the pandemic.

#### 9.5.5 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, Technicolor SA, which finances 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 Technicolor SA's financial objectives and projections.

Among other things these reviews take into account Technicolor SA's debt maturity schedule, covenants, forecast cash flows, access to financial markets and projected financing needs.

The tables below show the future contractual cash flow obligations due on the Technicolor Group's external financial liabilities for TCS Group. Level of borrowing of TCS Group with Technicolor SA fluctuates based on Technicolor Creative Studios Group liquidity.



		At December 31, 2021						
(€ in million)		2022-H1	2022-H2	2023	2024	2025	2026	There after
Lease liabilities		12	15	18	22	13	12	42
Other debt			1					
<b>Total debt principal payments</b>		<b>12</b>	<b>16</b>	<b>18</b>	<b>22</b>	<b>13</b>	<b>12</b>	<b>42</b>
Lease liabilities - interest		5	4	5	4	4	4	
Other debt - interest								
<b>Total interest payments</b>		<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	

		At December 31, 2020						
(€ in million)		2021-H1	2021-H2	2022	2023	2024	2025	There after
Lease liabilities		16	12	19	13	11	11	33
Other debt				1				
<b>Total debt principal payments</b>		<b>16</b>	<b>12</b>	<b>20</b>	<b>13</b>	<b>11</b>	<b>11</b>	<b>33</b>
Lease liabilities - interest		3	2	3	2	2	2	
Other debt - interest								
<b>Total interest payments</b>		<b>3</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	

		At December 31, 2019						
(€ in million)		2020-H1	2020-H2	2021	2022	2023	2024	There after
Lease liabilities		26	22	45	29	21	16	63
Other debt					1			
<b>Total debt principal payments</b>		<b>26</b>	<b>22</b>	<b>45</b>	<b>30</b>	<b>21</b>	<b>16</b>	<b>63</b>
Lease liabilities - interest		10	9	9	7	8	8	
Other debt - interest								
<b>Total interest payments</b>		<b>10</b>	<b>9</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>8</b>	

In addition, maturity of trade payables is less than 6 months and current financing from Technicolor under the cash-pooling agreement has no contractual due date.

## Credit Lines

The Group's does not have any committed credit lines. It finances its activity by borrowing from Technicolor SA.

## 10 Cash flow reconciliation

### 10.1 Financing

The tables below show the Group's borrowings variation in the statement of financial position excluding borrowings from Technicolor SA :

(€ in million)	December 31, 2020	Cash impact of borrowings variation <sup>(1)</sup>	Non cash variation						December 31, 2021
			Non cash movements on lease contracts	IFRS adjustment	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current	Reclassification in Liabilities held for sale	
Non current borrowing	1	1				0	(1)		1
Current borrowing	-	-				0	1		1
<b>TOTAL BORROWING</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>2</b>
Non current lease liabilities	86	(22)	40			8	(6)		107
Current lease liabilities	28	(12)	6			1	6		28
<b>TOTAL LEASE LIABILITIES</b>	<b>114</b>	<b>(34)</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>134</b>

<sup>(1)</sup> In 2021, €(2)million are related to cash flows from discontinued activities

(€ in million)	December 31, 2019	Cash impact of borrowings variation <sup>(2)</sup>	Non cash variation						December 31, 2020
			Non cash movements on lease contracts	IFRS adjustment	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current	Reclassification in Liabilities held for sale	
Non current borrowing	1		-	-	(0)	(0)	-		1
Current borrowing	1	(0)				(0)			0
<b>TOTAL BORROWING</b>	<b>1</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>1</b>
Non current lease liabilities	174	(24)	0	-	-	(17)	(5)	(42)	86
Current lease liabilities	48	(25)	1	-	-	5	5	(6)	28
<b>TOTAL LEASE LIABILITIES</b>	<b>222</b>	<b>(49)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>-</b>	<b>(48)</b>	<b>114</b>

<sup>(2)</sup> In 2020, €(7)million are related to cash flows from discontinued activities

(€ in million)	December 31, 2018	Cash impact of borrowings variation <sup>(3)</sup>	Non cash variation						December 31, 2019
			Non cash movements on lease contracts	IFRS 16 first time application	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current		
Non current borrowing	2	(1)				0	(1)		1
Current borrowing	(0)	-				0	1		1
<b>TOTAL BORROWING</b>	<b>2</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>2</b>
Non current lease liabilities	27	(22)	27	145		2	(5)		174
Current lease liabilities	13	(25)	8	46	-	0	5		48
<b>TOTAL LEASE LIABILITIES</b>	<b>40</b>	<b>(48)</b>	<b>36</b>	<b>191</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>222</b>

<sup>(3)</sup> In 2019, €(8) million are related to cash flows from discontinued activities

The tables below show the variance of Group's borrowings and deposits with Technicolor SA (see Note 9.2.1.1) in the statement of financial position:

(€ in million)	December 31, 2020	Cash variance	Forex	Non cash variance	December 31, 2021
Deposits with Technicolor	64	118	8	(12)	178
Borrowings with Technicolor	(235)	(65)	(15)	100	(215)
<b>Net Deposits (borrowings) with Technicolor</b>	<b>(171)</b>	<b>53</b>	<b>(7)</b>	<b>88</b>	<b>(37)</b>
Net cash pooling variance (from discontinued activities - Note 13.1.2)		27			
<b>Net cash pooling variance (combined statement of cash flows)</b>		<b>(81)</b>			

(€ in million)	December 31, 2019	Cash variance	Forex	Non cash variance	December 31, 2020
Deposits with Technicolor	138	(8)	(8)	(57)	64
Borrowings with Technicolor	(173)	(97)	13	22	(235)
<b>Net Deposits (borrowings) with Technicolor</b>	<b>(35)</b>	<b>(105)</b>	<b>5</b>	<b>(36)</b>	<b>(171)</b>
<b>Net cash pooling variance (combined statement of cash flows)</b>		<b>105</b>			

(€ in million)	December 31, 2018	Cash variance	Forex	Non cash variance	December 31, 2019
Deposits with Technicolor	233	(58)	11	(47)	138
Borrowings with Technicolor	(458)	44	(11)	252	(173)
<b>Net Deposits (borrowings) with Technicolor</b>	<b>(225)</b>	<b>(14)</b>	<b>(1)</b>	<b>205</b>	<b>(35)</b>
<b>Net cash pooling variance (combined statement of cash flows)</b>		<b>14</b>			

For Borrowings and deposits with Technicolor SA, the non-cash variance is mainly attributable to capital increase through debt to equity swaps (2019), an internal carve-out operation (2020) and to the exit of an entity from the combination scope following Post-Production disposal (2021).

## 10.2 Changes in working capital

The tables below show the Group's operating assets and liabilities variation in the statement of financial position reconciling with the Group statement of cash flows:

	December 31, 2018	WC as presented in cash flow statement	WC Discontinued Note (13.1)	Other cash flow items	Forex and non cash movements	December 31, 2019
Trade receivables	107	(37)	(2)	0	2	71
Other operating assets	112	(8)	0	0	3	108
<b>TOTAL OPERATING ASSETS</b>	<b>220</b>	<b>(44)</b>	<b>(2)</b>	<b>1</b>	<b>5</b>	<b>178</b>
Trade payables	(78)	(12)	4		33	(53)
Other operating liabilities	(152)	49	2	4	(34)	(131)
<b>TOTAL OPERATING LIABILITIES</b>	<b>(230)</b>	<b>37</b>	<b>6</b>	<b>4</b>	<b>(1)</b>	<b>(184)</b>
Changes in working capital and other assets and liabilities as presented in the cash flow statement						
		(7)	4			

	December 31, 2019	WC as presented in cash flow statement	WC Discontinued Note (13.1)	Other cash flow items	Forex and non cash movements	December 31, 2020
Trade receivables	71	(1)	(1)		(11)	57
Other operating assets	108	7	(7)	-	(18)	89
<b>TOTAL OPERATING ASSETS</b>	<b>178</b>	<b>6</b>	<b>(7)</b>	<b>-</b>	<b>(30)</b>	<b>146</b>
Trade payables	(53)	17	1		7	(28)
Other operating liabilities	(131)	(20)	3		15	(134)
<b>TOTAL OPERATING LIABILITIES</b>	<b>(184)</b>	<b>(3)</b>	<b>4</b>	<b>-</b>	<b>21</b>	<b>(162)</b>
Changes in working capital and other assets and liabilities as presented in the cash flow statement						
		3	(4)	-		

	December 31, 2020	WC as presented in cash flow statement	WC Discontinued Note (13.1)	Other cash flow items	Forex and non cash movements	December 31, 2021
Trade receivables	57	2	(0)		5	63
Other operating assets	89	19	0	-	9	117
<b>TOTAL OPERATING ASSETS</b>	<b>146</b>	<b>21</b>	<b>0</b>	<b>-</b>	<b>14</b>	<b>180</b>
Trade payables	(28)	(7)	2		(7)	(40)
Other operating liabilities	(134)	(44)	7	(10)	(8)	(190)
<b>TOTAL OPERATING LIABILITIES</b>	<b>(162)</b>	<b>(51)</b>	<b>9</b>	<b>(10)</b>	<b>(16)</b>	<b>(230)</b>
Changes in working capital and other assets and liabilities as presented in the cash flow statement						
		(30)	9			

## 11 Employee benefits

### 11.1 Information on employees

The total headcount of the Group combined entities as of December 31, 2021, 2020 & 2019 is 10,695, 7,348 and 10,329 employees respectively.

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

(€ in million )	2021	2020	2019
Wages and salaries	325	317	479
Social security costs	49	48	62
Compensation expenses linked to share-based payments granted to directors and employees ( Note 10.3.3)	1	-	1
Termination benefits	5	14	9
<b>Total employee benefits expenses (excluding defined contribution plans)</b>	<b>381</b>	<b>379</b>	<b>551</b>
Pensions costs - Defined contribution plans	10	10	12

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

## 11.2 Post-employment & long-term benefits

In France, TCS Group has a defined benefit plan which corresponds to “*Indemnités de fin de carrière*”. The pension liability related to that commitment amount to respective €3 million, €4 million and €4 million at 2021, 2020 and 2019 closing periods.

In Canada, Technicolor Creative Studios provided to certain employees a post-retirement medical plan. This medical plan includes life insurance, health and dental care benefit coverage and was closed to new entrants. The pension liability related to these plans amount to respective €2 million, €3 million and €3 million at 2021, 2020 and 2019 closing periods.

## 11.3 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.*

### 11.3.1 Stock-options plans granted by Technicolor SA

In fiscal years 2021, 2020 and 2019, the Technicolor Creative Studios Group employees participated in the Technicolor SA share-based payment programs.

The expense recognized in 2021, 2020 and 2019 reflected the annual cost related to Combined Group employees in regards with several Management Incentive Plans prior to 2017, Long Term Incentive Plans from 2017 to 2020 and 2020 Additional Performance Shares Plan.

The main features of the compensation plans are described in Section 9.3 of the Technicolor's Consolidated Financial Statements of 2021, 2020 and 2019.

### 11.3.2 Compensation expenses charged to income

The compensation charged to income for the services received during the period amount to €(1) million, €0 million and €(1) million for the years ended December 31, 2021, 2020 and 2019. The counterpart of this expense has been credited to equity.

As of December 31, 2021, 2020 and 2019 balances of lapsed plans amounting respectively to €2 million, €2 million and €1 million have been reclassified in another caption of equity according to IFRS 2 requirements.

### 11.4 Key management compensation

Key management personnel for the periods presented was not defined and therefore is not presented in these combined financial statements.

## 12 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 combined 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 combined statement of operations.*

### **Accounting estimates and judgments**

*Technicolor Creative Studios'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.*

## 12.1 Detail of provisions

(€ in million)	Provisions for risks & litigations	Provisions for restructuring	Total
<b>As of December 31, 2019</b>	<b>1</b>	<b>6</b>	<b>7</b>
<i>Of which current</i>	<i>1</i>	<i>6</i>	<i>7</i>
<i>Of which non-current</i>	<i>-</i>	<i>-</i>	<i>-</i>
Current period additional provision	0	20	20
Release	(0)	(1)	(1)
Usage during the period	(0)	(13)	(13)
Other movements and currency translation adjustments	(1)	(3)	(3)
<b>As of December 31, 2020</b>	<b>0</b>	<b>9</b>	<b>9</b>
<i>Of which current</i>	<i>0</i>	<i>9</i>	<i>9</i>
<i>Of which non-current</i>	<i>0</i>	<i>-</i>	<i>0</i>
Current period additional provision	5	7	12
Release	(0)	(2)	(2)
Usage during the period	(0)	(9)	(9)
Other movements and currency translation adjustments	-	-	(0)
<b>As of December 31, 2021</b>	<b>5</b>	<b>4</b>	<b>9</b>
<i>Of which current</i>	<i>3</i>	<i>4</i>	<i>6</i>
<i>Of which non-current</i>	<i>3</i>	<i>-</i>	<i>3</i>

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

## 12.2 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.

## 12.3 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, 2020 and 2019, 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
<b>Off-balance sheet obligations</b>					
<b>Unconditional future payments</b>					
Operating leases	0	0	0	0	0
Other unconditional future payments <sup>(1)</sup>	8	2	3	2	1
<b>Total Unconditional future payments</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Conditional future payments</b>					
Guarantees given and other conditional future payments	1	0	0	0	1
<b>Total Conditional future payments</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

(€ in million)	2020	Amount of commitments by maturity			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
<b>Off-balance sheet obligations</b>					
<b>Unconditional future payments</b>					
Operating leases	0	0	0	0	0
Other unconditional future payments <sup>(1)</sup>	12	4	6	2	0
<b>Total Unconditional future payments</b>	<b>12</b>	<b>4</b>	<b>6</b>	<b>2</b>	<b>0</b>
<b>Conditional future payments</b>					
Guarantees given and other conditional future payments	1	0	0	0	1
<b>Total Conditional future payments</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

(€ in million)	2019	Amount of commitments by maturity			
		Less than 1 year	1 – 3 years	3 – 5 years	More than 5 years
<b>Off-balance sheet obligations</b>					
<b>Unconditional future payments</b>					
Operating leases	1	1	0	0	0
Other unconditional future payments <sup>(1)</sup>	10	3	4	2	1
<b>Total Unconditional future payments</b>	<b>11</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>1</b>
<b>Conditional future payments</b>					
Guarantees given and other conditional future payments	3	0	2	0	1
<b>Total Conditional future payments</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>

(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 Creative Studios and its combined 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 1m€ at the end of December 2021, 2020 and 2019.

## 13 Discontinued operations and held for sale operations

### 13.1 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.

Discontinued activities relate to Post-Production activities, a major line of business of TCS, announced in December 2020, and sold to Streamland in April 30, 2021 for 29 M€.

#### 13.1.1 Results of discontinued operations

(€ in million)	Year ended December 31,		
	2021	2020	2019
<b>DISCONTINUED OPERATIONS</b>			
Revenues	29	76	123
Cost of sales	(23)	(83)	(118)
<b>Gross margin</b>	<b>6</b>	<b>(6)</b>	<b>4</b>
Selling and administrative expenses	(1)	(8)	(9)
Research and development expenses	0	0	1
Restructuring Costs	(1)	(3)	(1)
Net impairment losses on non-current operating assets	-	-	-
Other expenses	3	(2)	0
<b>Earnings before Interest &amp; Tax from discontinued operations</b>	<b>7</b>	<b>(19)</b>	<b>(5)</b>
Financial net expenses	(1)	(5)	(6)
Income tax	-	0	(0)
<b>Net income (loss)</b>	<b>5</b>	<b>(24)</b>	<b>(11)</b>



### 13.1.2 Net cash from discontinued operations

(€ in million)	Year ended December 31,		
	2021	2020	2019
<b>Gain (loss) from discontinued activities</b>	<b>5</b>	<b>(24)</b>	<b>(11)</b>
<i>Summary adjustments to reconcile loss from discontinued activities to cash used in discontinued operations</i>			
Depreciation and amortization	1	17	20
Net change in provisions	3	1	0
Profit (loss) on asset disposals	(5)	0	(0)
Interest (income) and expense	1	5	5
Other items (including tax)	(1)	0	1
Changes in working capital and other assets and liabilities	(9)	4	(4)
Interest paid on lease debt	(1)	(5)	(5)
Interest paid	(0)	(0)	1
Income tax paid	(0)	4	(0)
<b>NET OPERATING CASH GENERATED (USED) IN DISCONTINUED ACTIVITIES (I)</b>	<b>(6)</b>	<b>2</b>	<b>7</b>
Acquisition of subsidiaries, associates and investments, net of cash acquired	-	-	-
Proceeds from sale of investments, net of cash	27	(0)	-
Purchases of property, plant and equipment (PPE)	(1)	(2)	(3)
Proceeds from sale of PPE and intangible assets	(0)	-	0
Purchases of intangible assets including capitalization of development costs	(0)	(1)	(2)
Cash collateral and security deposits granted to third parties	-	-	-
Cash collateral and security deposits reimbursed by third parties	0	0	(0)
<b>NET INVESTING CASH GENERATED (USED) IN DISCONTINUED ACTIVITIES (II)</b>	<b>25</b>	<b>(3)</b>	<b>(5)</b>
Repayments of lease debt	(2)	(7)	(8)
<b>NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)</b>	<b>(2)</b>	<b>(7)</b>	<b>(8)</b>
<b>NET CASH GENERATED (USED) IN DISCONTINUED ACTIVITIES (I+II+III)</b>	<b>17</b>	<b>(8)</b>	<b>(6)</b>

The net investing cash generated (used) in discontinued activities mainly consist in:

- Net cash received from disposal of Post-Production activity for €27 million in 2021;
- Acquisition of PPE and intangible assets for respectively, €(1) million, €(3) million and €(5) million in 2021, 2020 and 2019.

### 13.2 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	December 31, 2019
<b>Assets classified as held for sale</b>	<b>2</b>	<b>73</b>	<b>-</b>
<b>Liabilities classified as held for sale</b>	<b>-</b>	<b>56</b>	<b>-</b>

As of December 31, 2021, assets held for sale include real estate right-of-use assets available for long-term sublease or in renegotiation with the lessor for €2 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:

- €3 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 renegotiation with the lessor for €2 million.

## 14 Subsequent events

### Spin-off and Refinancing Plans

On February 24<sup>th</sup>, 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 Creative Studios 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 Technicolor SA'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 Technicolor SA will request the admission of the TCS shares on Euronext Paris by way of a prospectus to be approved by the AMF. The Technicolor SA 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 Technicolor SA annual shareholders' meeting referred to above.

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

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.

### **Governance**

On May 5, 2022, the group has announced the leadership team for TCS:

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

### **Conflict in Ukraine**

The group has not identified any significant direct exposure to the conflict in Ukraine. None of the Group's operations are situated in Ukraine or Russia, and the group has not identified any vendor, customer or partner whose relationships with Technicolor could be disrupted as a direct result from the conflict.

## 15 List of main combined subsidiaries

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

COMPANY - (Country)	Percentage of interest at year end (% rounded to one decimal)		
	2021	2020	2019
<b>Fully combined</b>			
<b>Full integration method</b>			
Tech 6 (France)	100.0	100.0	-
Tech7 (France)	100.0	100.0	-
Tech8 (France)	100.0	100.0	-
Technicolor Servicios de Mexico , S. de R.L. de. C.V. - MPC (Mexico)	100.0	100.0	100.0
MPC (Shanghai) Digital Technology Co., Ltd (China)	80.0	80.0	80.0
Mikros Image SAS (France)	100.0	100.0	100.0
MPC creative (France)	100.0	100.0	100.0
Mikros Image Belgium SA (Belgium)	100.0	100.0	100.0
Mikros Brussels SA (Belgium)	100.0	100.0	100.0
Technicolor India Pvt Ltd (India)	100.0	100.0	100.0
Th. multimedia Distrib.(Netherlands) BV	100.0	100.0	100.0
Technicolor Trademark Management (France)	100.0	100.0	100.0
The Mill Group Inc. (USA)	100.0	100.0	100.0
The Mill (Facility) LTD (UK)	100.0	100.0	100.0
Trace VFX LLC (USA)	-	100.0	100.0
The Mill Acquisitions 1 Ltd. (UK)	100.0	100.0	100.0
The Mill Acquisitions 2 Ltd. (UK)	100.0	100.0	100.0
Trace VFX Solutions Private India Ltd (India)	100.0	100.0	100.0
Mill Acquisition Inc. (USA)	100.0	100.0	100.0
The Mill Berlin - VFX (Germany)	-	100.0	100.0
The Mill Facility AUS Pty Ltd (Australia)	100.0	100.0	-
Technicolor Creative Services USA, Inc (USA)	100.0	100.0	100.0
Technicolor Canada, Inc (Canada)	100.0	100.0	100.0
Technicolor Creative Studios UK Ltd. (UK)	100.0	100.0	100.0
Mr. X Gotham, LLC (USA)	-	100.0	100.0
Technicolor Animation Productions SAS (France)	100.0	100.0	100.0
<b>Combined by Equity method</b>			
Vancouver Lab Inc (Canada)	-	-	50.0
Canada Cinema Distribution Inc (Canada)	-	-	50.0

## **Tech 8**

Société par actions simplifiée

8-10, rue du Renard

75004 Paris

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### **Statutory auditors' report on the Combined Financial Statements of Technicolor Creative Studios**

Years ended December 31, 2021, 2020 and 2019

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### **Statutory auditors' report on the Combined Financial Statements of Technicolor Creative Studios**

Years ended December 31, 2021, 2020 and 2019

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"To the President of Tech 8 SAS,

In our capacity as statutory auditors of Tech 8 SAS (the "Company") and in accordance with Commission Regulation (EC) n°2017/1129 supplemented by Commission Delegated Regulation (EU) n°2019/980 in the context of the contemplated admission of the equity securities of the Company to trading on the regulated market of Euronext Paris, we have audited the accompanying combined financial statements of Tech 8 SAS and its combined affiliates (together, "Technicolor Creative Studios") prepared, for the purpose of the prospectus, for the years ended December 31, 2021, 2020 and 2019 (thereafter the "Combined Financial Statements").

Due to the global crisis related to the Covid-19 pandemic, the Combined Financial Statements have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

These Combined Financial Statements have been prepared under the responsibility of the President of the Company, before its transformation into a public limited company (*société anonyme*) to be approved by the shareholders in the coming weeks. Our role is to express an opinion on these Combined Financial Statements based on our audit.

We conducted our audit in accordance with professional standards applicable in France and the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to such engagement. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Combined Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selections, to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the Combined Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Combined Financial Statements prepared for the purpose of the prospectus, present fairly, in all material respects, the assets and liabilities and the financial position of Technicolor Creative Studios comprising the group of entities or individuals included in the combination as at December 31, 2021, 2020 and 2019, and the results of its operations for the years then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the Notes 1.1, 1.3.1 and 1.3.2 to the Combined Financial Statements, which describe the context of preparation and the purpose of the Combined Financial Statements, as well as the basis of preparation and notably, the principles applied for the combination of the entities under common control in the absence of specific guidance in International Financial Reporting Standards as adopted by the European Union.

Paris-La Défense and Courbevoie, on June 9, 2022

The Statutory Auditors

DELOITTE & ASSOCIÉS

MAZARS

Bertrand Boisselier

Jean-Luc Barlet

Charlotte Grisard”



**ANNEX II**

**THE INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS  
AND STATUTORY AUDITORS' REVIEW REPORT**

**TECHNICOLOR CREATIVE STUDIOS**  
**2022 FIRST HALF COMBINED FINANCIAL REPORT**

***TECHNICOLOR CREATIVE STUDIOS INTERIM CONDENSED COMBINED  
FINANCIAL STATEMENTS AS OF JUNE 30, 2022***

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## INTERIM CONDENSED COMBINED STATEMENT OF PROFIT AND LOSS

(€ in million)	Note	Six months ended June 30,	
		2022	2021
<b>CONTINUING OPERATIONS</b>			
Revenue	(3.1)	409	267
Cost of sales		(344)	(233)
<b>Gross margin</b>		<b>65</b>	<b>34</b>
Selling and administrative expenses	(3.3.1)	(41)	(36)
Restructuring costs		(1)	(1)
Net impairment losses on non-current operating assets		(1)	(1)
Other income (expense)	(3.3.3)	(3)	(1)
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>		<b>19</b>	<b>(5)</b>
Interest income		9	5
Interest expense		(18)	(15)
Other financial income (expense)		1	(1)
<b>Net financial expense</b>	(3.4)	<b>(9)</b>	<b>(11)</b>
Income tax expense		(15)	(3)
<b>Loss from continuing operations</b>		<b>(5)</b>	<b>(19)</b>
<b>DISCONTINUED OPERATIONS</b>			
Net gain from discontinued operations	(10)	0	8
		-	-
<b>Net loss for the year</b>		<b>(4)</b>	<b>(11)</b>
Attributable to :			
- Equity holders		(4)	(11)
- Non-controlling interest		-	-

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed combined financial statements.

## INTERIM CONDENSED COMBINED STATEMENT OF COMPREHENSIVE INCOME

	Half year ended June 30,	
(€ in million)	2022	2021
<b>Net loss for the year</b>	<b>(4)</b>	<b>(11)</b>
<b><i>Items that will not be reclassified to profit and loss</i></b>		
Remeasurement of the defined benefit obligations	-	-
Tax relating to these items	-	-
<b><i>Items that may be reclassified subsequently to profit or</i></b>		
Fair value gains / (losses), gross of tax on cash flow hedges:		
- reclassification adjustments when the hedged forecast transactions affect profit or loss	1	-
Tax relating to these items	-	-
Currency translation adjustments		
- currency translation adjustments of the year	6	7
- reclassification adjustments on disposal or liquidation of a foreign operation	-	-
Tax relating to these items	-	-
<b>Total other comprehensive income</b>	<b>6</b>	<b>7</b>
<b>Total other comprehensive income of the period</b>	<b>2</b>	<b>(4)</b>
<b><i>Attributable to :</i></b>		
- <i>Equity holders</i>	2	(4)
- <i>Non-controlling interest</i>	-	-

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed combined financial statements.

## INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

(€ in million)	Note	June 30, 2022	December 31, 2021
<b>ASSETS</b>			
Goodwill	(4.1)	195	188
Intangible assets	(4.2)	100	96
Property, plant and equipment	(4.3)	53	46
Right-of-use assets	(4.4)	137	117
Other operating non-current assets		8	11
<b>TOTAL OPERATING NON-CURRENT ASSETS</b>		<b>492</b>	<b>459</b>
Non-consolidated investments	(6.4)	1	1
Other financial non-current assets	(6.4)	12	14
<b>TOTAL FINANCIAL NON-CURRENT ASSETS</b>		<b>13</b>	<b>14</b>
Deferred tax assets		19	22
<b>TOTAL NON-CURRENT ASSETS</b>		<b>524</b>	<b>495</b>
Trade accounts and notes receivable	(3.2)	86	63
Contract assets	(3.2)	97	74
Other operating current assets		27	31
<b>TOTAL OPERATING CURRENT ASSETS</b>		<b>210</b>	<b>169</b>
Income tax receivable		6	7
Other financial current assets	(6.4)	154	181
Cash and cash equivalents	(6.1)	11	12
Assets classified as held for sale		1	2
<b>TOTAL CURRENT ASSETS</b>		<b>381</b>	<b>372</b>
<b>TOTAL ASSETS</b>		<b>905</b>	<b>866</b>

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed combined financial statements.

## INTERIM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION

(€ in million)	Note	June 30, 2022	December 31, 2021
<b>EQUITY AND LIABILITIES</b>			
Invested equity and retained earnings		383	357
Cumulative translation adjustment		(124)	(130)
<b>Shareholders equity attributable to owners of TCS</b>		<b>258</b>	<b>227</b>
Non-controlling interests		0	0
<b>TOTAL INVESTED EQUITY</b>		<b>258</b>	<b>227</b>
Retirement benefits obligations	(7.1)	5	5
Provisions	(8.1)	4	3
Contract liabilities		1	1
Other operating non-current liabilities		1	10
<b>TOTAL OPERATING NON-CURRENT LIABILITIES</b>		<b>10</b>	<b>19</b>
Borrowings	(6.4)	2	1
Lease liabilities	(6.4)	123	107
Deferred tax liabilities		15	16
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>150</b>	<b>143</b>
Provisions	(8.1)	3	6
Trade accounts and notes payable		63	40
Accrued employee expenses		48	62
Contract liabilities	(3.2)	89	77
Other operating current liabilities		33	39
<b>TOTAL OPERATING CURRENT LIABILITIES</b>		<b>236</b>	<b>226</b>
Borrowings	(6.4)	207	216
Lease liabilities	(6.4)	35	27
Income tax payable		20	28
Liabilities classified as held for sale		-	0
<b>TOTAL CURRENT LIABILITIES</b>		<b>497</b>	<b>497</b>
<b>TOTAL LIABILITIES</b>		<b>647</b>	<b>640</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>905</b>	<b>866</b>

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed combined financial statements.

## INTERIM CONDENSED COMBINED STATEMENT OF CASH FLOWS

(€ in million)	Note	Six months ended June 30,	
		2022	2021
<b>Net loss</b>		<b>(4)</b>	<b>(11)</b>
Gain from discontinuing activities		0	8
<b>Loss from continuing activities</b>		<b>(5)</b>	<b>(19)</b>
<i>Summary adjustments to reconcile loss from continuing activities to cash generated from (used in) continuing operations</i>			
Depreciation and amortization		39	38
Net changes in provisions		(5)	(0)
Interest (income) and expense	(3.4)	10	10
Other items (including tax)		14	2
Changes in working capital and other assets and liabilities		(25)	14
<b>Cash generated from (used in) continuing activities</b>		<b>28</b>	<b>44</b>
Interest paid on lease debt		(6)	(4)
Interest paid		(12)	(12)
Interest received		9	6
Income tax paid		(20)	1
<b>NET OPERATING CASH GENERATED FROM CONTINUING ACTIVITIES (I)</b>		<b>(2)</b>	<b>35</b>
Purchases of property, plant and equipment (PPE)		(10)	(5)
Proceeds from sale of PPE and intangible assets		0	2
Purchases of intangible assets including capitalization of projects		(15)	(6)
Cash collateral and security deposits granted to third parties		(1)	(4)
Cash collateral and security deposits reimbursed by third parties		2	1
<b>NET INVESTING CASH USED IN CONTINUING ACTIVITIES (II)</b>		<b>(25)</b>	<b>(13)</b>
Net contributions from / (distributions to) Technicolor SA		19	(12)
Net cash pooling variance		24	(31)
Repayments of lease debt	(9.2)	(18)	(17)
Repayments of borrowings	(9.2)	(0)	(0)
<b>NET FINANCING CASH GENERATED FROM (USED IN) CONTINUING ACTIVITIES (III)</b>		<b>26</b>	<b>(59)</b>
<b>NET CASH GENERATED FROM DISCONTINUED ACTIVITIES (IV)</b>	(10.1.2)	<b>0</b>	<b>20</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>12</b>	<b>28</b>
<b>Net decrease in cash and cash equivalents (I+II+III+IV)</b>		<b>(1)</b>	<b>(18)</b>
Exchange gains / (losses) on cash and cash equivalents		(1)	1
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>11</b>	<b>12</b>

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed combined financial statements.



## INTERIM CONDENSED COMBINED STATEMENT OF CHANGES IN INVESTED EQUITY

(€ in million)	Invested equity and retained earnings	Cumulative translation adjustment	Equity attributable to equity holders of the Group	Non-controlling interest	Total invested equity
<b>Balance as of December 31, 2020</b>	<b>319</b>	<b>(144)</b>	<b>175</b>	<b>1</b>	<b>175</b>
Net loss for the year	(11)	-	(11)	-	(11)
Other comprehensive income	-	7	7	-	7
<b>Total comprehensive income for the period</b>	<b>(11)</b>	<b>7</b>	<b>(4)</b>	<b>-</b>	<b>(4)</b>
Net contributions from / (distributions to) Technicolor SA	(23)	-	(23)	(0)	(23)
Shared-based payment to employees	0	-	0	-	0
<b>Balance as of June 30, 2021</b>	<b>285</b>	<b>(137)</b>	<b>148</b>	<b>0</b>	<b>148</b>
Net income for the year	(3)	-	(3)	0	(3)
Other comprehensive income	1	7	8	-	8
<b>Total comprehensive income for the period</b>	<b>(2)</b>	<b>7</b>	<b>5</b>	<b>1</b>	<b>5</b>
Net contributions from / (distributions to) Technicolor SA	74	-	74	-	74
Shared-based payment to employees	0	-	0	-	0
<b>Balance as of December 31, 2021</b>	<b>357</b>	<b>(130)</b>	<b>227</b>	<b>(0)</b>	<b>227</b>
Net income(loss) for the year	(4)	-	(4)	0	(4)
Other comprehensive income	1	6	6	-	6
<b>Total comprehensive income for the period</b>	<b>(3)</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>2</b>
Net contributions from / (distributions to) Technicolor SA	29	-	29	-	29
Shared-based payment to employees	0	-	0	-	0
<b>Balance as of June 30, 2022</b>	<b>383</b>	<b>(124)</b>	<b>258</b>	<b>0</b>	<b>258</b>

The accompanying notes on pages 9 to 26 are an integral part of these interim condensed combined financial statements.

## 1 General information

Technicolor Creative Studios (TCS) offers Visual Effects (“VFX”), and animation services for the entertainment industry, and creative services and technologies for the advertising industry, through its award-winning creative studios The Mill, MPC, Mikros Animation, and Technicolor Games.

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

In these combined financial statements, the terms, “the Group”, “TCS Group” and “Technicolor Creative Studios” mean the issuer together with its combined affiliates. TCS business or businesses means the activities that were reported under the Technicolor Creative Studios operating segment in Technicolor consolidated financial statements. Technicolor means Technicolor SA Company and its affiliates or when describing transactions with TCS Group, Technicolor SA and affiliates that are not in the scope of TCS Group.

These combined financial statements are presented in Euro, which will be the Technicolor Creative Studios Group’s parent company’s functional and presentation currency.

### 1.1 Background of the combined financial statements

These interim condensed combined financial statements and notes were approved by the Board of Directors of Technicolor Creative Studios SA (formerly Tech 8 SAS) on July 28, 2022 in the context of the transactions announced by Technicolor on February 24, 2022, and in particular the intended partial spin-off and the listing of TCS to be submitted to Technicolor SA Shareholders General Meeting to be convened in September 2022.

The Combined Group does not form a separate legal group of legal entities in all periods presented. These accounts should be read in conjunction with the full-year combined financial statements of the Group for the year ended 31 December 2021 especially notes “1.1 Background of the combined financial statements” and “1.3 Accounting policies”.

These interim condensed combined financial statements have been prepared and derived (carved-out) from Technicolor’s consolidated financial statements and accounting records, which were prepared in accordance with IFRS.

Accordingly, the interim condensed combined financial statements as June 30, 2022 are consistent with the estimates reflected in Technicolor’s interim condensed consolidated financial statements.

In the event of a favorable vote by the shareholders at the aforementioned General Meeting, the combined financial statements will form an integral part of the consolidated financial statements of TCS for the periods prior to the spin-off.

### 1.2 Main events

#### 1.2.1. Refinancing

During the first half 2022, Technicolor SA continued to make progress on the execution of the spin off of its Technicolor Creative Studios (“TCS”) division to create two independent market leaders in their respective sectors and the associated overall refinancing announced on February 24, 2022, and confirms its target to complete the distribution of at least 65% of TCS shares (the “Distribution”) in the third quarter of 2022.

As part of the refinancing process, Technicolor S.A. has finalized at the end of July the discussions to refinance its Safeguard Debt. For TCS, the Group has obtained commitments for a €623 million floating rate First Lien Term Facility. This facility is composed of two tranches, a €563 million tranche and a USD60 million tranche. Maturity for both tranches will be 4 years. In addition, the Group has obtained

commitments for a €40 million Revolving Credit Facility. The terms of the TCS refinancing as well as the terms of the distribution will be subject to a prospectus to be approved by the AMF.

### 1.2.2. Governance

The Group has appointed during first half of 2022 the leadership team for Technicolor Creative Studios :

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

### 1.2.3. Economic environment

The group has no customer or suppliers in Ukraine or Russia, and reports no effect from the on-going conflict.

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

## 1.3 Accounting policies

### 1.3.1 Applicable accounting standards and basis of preparation

#### ***Conformity with IFRS***

The interim condensed combined financial statements of the TCS Group have been prepared in accordance with the principles of combination described in note 1.3 of the full-year combined financial statements of the Group for the year ended 31 December 2021 and with IAS 34, "Interim Financial Reporting", a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB and should be read in conjunction with the full-year combined financial statements of the Group for the year ended 31 December 2021 especially notes "1.3.1 Applicable accounting standards" and "1.3.2 Principles applied in preparing combined financial statements".

The standards approved by the European Union are available on the following web site: [https://ec.europa.eu/info/files/ifrs-financial-statements-accounting-rules\\_en](https://ec.europa.eu/info/files/ifrs-financial-statements-accounting-rules_en).

### 1.3.2 Applicable accounting standards and basis of preparation

***Main standards, amendments, and interpretations effective and applied as of January 1<sup>st</sup>, 2022***

New standard and interpretation	Main provisions
<i>Amendment to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use</i>	The Board decided to prohibit an entity from deducting from the cost of an item of PPE the proceeds from selling items produced before that asset is available for use (proceeds before intended use)
<i>Amendment to IAS 37 Provisions, contingent liabilities and contingent assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	The Board decided to require an entity to include all costs that relate directly to a contract. The Board concluded that: – including all such costs provides more useful information to users of the entity's financial statements; – the benefits of providing that information are likely to outweigh the costs; and – a requirement to include all costs that relate directly to a contract is consistent with other requirements in IAS 37 and requirements in other IFRS standards
<i>Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter</i>	<p>Paragraph D16(a) of IFRS 1 allows subsidiaries that become a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements.</p> <ul style="list-style-type: none"> <li>•The issue was that D16(a) does not cover equity items like cumulative translation differences. It is an issue for a subsidiary which has its own capital group, with foreign operations or has branches which are foreign operations.</li> <li>•A subsidiary that uses the exemption in paragraph D16(a) may elect, in its financial statements, to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.</li> <li>•A similar election is available to an associate or joint venture that uses the exemption in paragraph D16(a).</li> </ul> <p>The Group had elected to include historical cumulative translation differences in its opening equity.</p>

*Amendments to,  
IFRS 9 and IFRS 16*

**IFRS 9:** this standard requires an entity to derecognise a financial liability and recognise a new financial liability when there is an exchange between an existing borrower and the lender of debt instruments with substantially different terms (including a substantial modification of the terms of an existing financial liability or part of it).

- The terms are substantially different if the discounted present value of the remaining cash flows under the new terms are at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability ('10 per cent' test).
- The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability : an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

**IFRS 16 "Lease incentives"**

Illustrative Example 13 of IFRS 16 Leases includes as part of the fact pattern a reimbursement relating to leasehold improvements. The example does not explain clearly enough the conclusion as to whether the reimbursement would meet the definition of a lease incentive in IFRS 16.

- To resolve any potential confusion regarding the treatment of lease incentives, the amendment now removes the illustration of the reimbursement of leasehold improvements.
- As the amendment to IFRS 16 only regards an illustrative example (non obligatory part of IFRS), so no effective date is stated.

### 1.3.3 Significant assumptions & estimates

The preparation of combined 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 combined 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 Creative Studios' management believes the following to be the critical accounting policies and related judgments and estimates used in the preparation of its combined financial statements:

- Impairment of goodwill and intangible assets with indefinite useful lives (see notes 4.1, 4.2);
- 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);
- Measurement of contracts assets and liabilities (see note 3.2);

The management revises these estimates if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at June 30, 2022 may subsequently change. In this regard, it is to be noted that the Group now knows that the US and UK entities will retain some of their tax attributes, for an amount that remains to be determined. The accounting consequences will be translated in the accounts when the amounts and tax structures will be finalized.

### 1.3.4 Foreign exchange translation rates

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

	Closing rate		Average rate	
	June 2022	December 2021	June 2022	June 2021
US dollar (USD)	1.0387	1.1326	1.0917	1.2060
Pound sterling (GBP)	0.8582	0.8403	0.8431	0.8703
Canadian dollar (CAD)	1.3425	1.4393	1.3887	1.5078
Indian Roupee (INR)	82.1130	84.2292	83.1807	88.5467

## 2 Scope of combination

During the first half of 2022, Technicolor Creative Studios Korea Co.Ltd a new Korean company has been incorporated.

## 3 Information on operations

### 3.1 Information by business segments

Technicolor Creative Studios has four continuing businesses and reportable operating segments that the business intends to follow under IFRS 8: MPC, The Mill, Mikros Animation and Technicolor Games. They have been regrouped in two business segment groups which share similar production processes, resources, economic and customer profiles. Previously, performance was followed in an aggregated manner and the information below is only presented for revenue.

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

#### MPC & Mikros Animation

Together, MPC and Mikros Animation artists deliver contents for episodic and theatrical projects of entertainment producers.

These award-winning visual effects studios, now under the unitary MPC brand, unite artistry and creativity with technology and innovation. MPC bring decades of experience in delivering everything from breathtaking environments, down to the precise details of a full Computer-Graphic ("CG") character.

From episodic hits to major animated features, Mikros Animation work with leading animation studios. Its industry-leading facilities have become home to some of the world's most recognized and respected animators;

#### The Mill & Technicolor Games

The Mill and Technicolor Games are delivering digital content to create new experiences for our customers' targets.

With the latest visual effects, CGI and immersive technologies, The Mill produces groundbreaking advertising, content and interactive marketing solutions for the world's biggest brands;

Technicolor Games focuses on the creative needs for the gaming industry and collaborates with many of the top game developers in the world.

## Corporate & Other

This segment will include 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 two operating segments of the Group.

	MPC & Mikros Animation	The Mill & Technicolor Games	Corporate & Other	TOTAL
(€ in million)	First Half ended June 30, 2022			
<b>Statement of operations</b>				
Revenue	270	139	1	409
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>				<b>19</b>
Operating leases - rent payments				(15)
Operating leases - depreciation				10
Amortization of purchase accounting items				4
Restructuring costs				1
Other non current items				4
<b>Adjusted EBITA after lease (new definition)</b>				<b>23</b>
Depreciation & amortization <sup>(1)</sup>				20
Other non-cash items <sup>(2)</sup>				0
<b>Adjusted EBITDA after lease (new definition)</b>				<b>43</b>

<sup>(1)</sup> Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.

<sup>(2)</sup> Mainly costs of equity settled share based compensation

	MPC & Mikros Animation	The Mill & Technicolor Games	Corporate & Other	TOTAL
(€ in million)	First Half ended June 30, 2021			
<b>Statement of operations</b>				
Revenue	130	136	1	267
<b>Earnings before Interest &amp; Tax (EBIT) from continuing operations</b>				(5)
Operating leases - rent payments				(10)
Operating leases - depreciation				7
Amortization of purchase accounting items				4
Restructuring costs				1
Other non current items				2
<b>Adjusted EBITA after lease (new definition)</b>				(0)
Depreciation & amortization <sup>(1)</sup>				22
Other non-cash items <sup>(2)</sup>				0
<b>Adjusted EBITDA after lease (new definition)</b>				22

<sup>(1)</sup> Excluding depreciation of cloud rendering and other usage-based IT costs, operating lease asset depreciation and amortization of intangibles that arose from acquisitions or disposals, including capital lease depreciation.

<sup>(2)</sup> Mainly costs of equity settled share based compensation

The Group intends to follow two main financial indicators by operating segment. These indicators could not be computed retrospectively as allocation rules for many expenses could not be reliably established over the periods presented. They will be presented for the first time by segment based on the full year 2022.

## Sales by segment

	Six months ended June 30,	
(€ in million)	2022	2021
Mikros	56	38
Games	6	5
MPC	213	92
The Mill	132	131
Other	1	1
Total	409	267

Sales are mainly over time, except for 1M€ in Mikros and 1M€ in Other.

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



### 3.2 Contract balances

(€ in million)	June 30, 2022	December 31, 2021
Trade receivables	86	63
Contract assets	97	74
Contract liabilities	89	77

### 3.3 Operating income & expenses

#### 3.3.1 Operating expenses

The selling and marketing expenses include the following expenses.

(€ in million)	Six months ended June 30,	
	2022	2021
Selling and marketing expenses	(10)	(7)
General and administrative expenses	(31)	(29)
<b>Selling and administrative expenses</b>	<b>(41)</b>	<b>(36)</b>

#### 3.3.2 Government grants

	Six months ended June 30,	
	2022	2021
Subsidies relating to Covid-19 pandemic	0	6
Operating subsidies	1	3
<b>Total</b>	<b>2</b>	<b>9</b>

In Technicolor Creative Studios, operating subsidies received are mainly recognized in costs of sales and correspond to grants linked to business activity especially in France and Canada.

Subsidies as of June 30, 2022 correspond only to operating grants.

Subsidies as of June 30, 2021 correspond to operating grants in France and Canada and Covid-19 wages subsidies in both countries.

### 3.3.3 Other income (expense)

(€ in million)

	Six months ended June 30,	
	2022	2021
Net capital gains	0	(0)
Litigations and other	(3)	(1)
<b>Other income (expense)</b>	<b>(3)</b>	<b>(1)</b>

As of June 30, 2022, other expenses include non current fees linked to spin-off project and other miscellaneous non operational expenses.

As of June 30, 2021, other expenses include mainly legal fees linked to litigations.

### 3.4 Net financial expense

(€ in million)	Six months ended June 30,	
	2022	2021
Interest income	9	5
Interest expense	(18)	(15)
<i>Interest expense on lease debt</i>	<i>(7)</i>	<i>(4)</i>
<i>Other interest expense</i>	<i>(11)</i>	<i>(11)</i>
<b>Net interest expense</b>	<b>(10)</b>	<b>(10)</b>
Net interest expense on defined benefit liability	(0)	(0)
Foreign exchange gain / (loss)	2	(1)
Other	(1)	(0)
<b>Other financial income (expense)</b>	<b>1</b>	<b>(1)</b>
<b>Net financial expense</b>	<b>(9)</b>	<b>(11)</b>

Interest income and other interest expense are mainly related to financing transactions with Technicolor Group (refer to note 8 related parties in 2021 TCS combined financial statements).

## 4 Goodwill, intangible & tangible assets

### 4.1 Goodwill

Technicolor Creative Studios Group is monitored under four dedicated business lines with MPC for Film & VFX, The Mill for Advertising, Mikros Animation and Technicolor Games.

The following table provides the allocation of goodwill to each Cash-Generating Unit (CGU) based on the organization effective and described in TCS combined financial statements as of December 31, 2021.

There is no goodwill in Technicolor Games.

(€ in million)	MPC	The Mill	Mikros Animation	Total
<b>At December 31, 2021, net</b>	<b>126</b>	<b>23</b>	<b>38</b>	<b>188</b>
Exchange difference	4	2	1	7
<b>At June 30, 2022, net</b>	<b>130</b>	<b>25</b>	<b>39</b>	<b>195</b>

In accordance with IAS 34, the Group has performed a review as of June 30<sup>th</sup>, 2022 for indications of significant impairment. The group noted:

- for The Mill, whose activity is closely correlated to advertising spending, activity growth is being restricted by the current global economic environment.
- for MPC, higher costs originating from the market shortage of talent,
- but considering efficiency actions launched, permanent cost reduction measures, visibility in the order book, and the very large headroom, no impairment needed to be recorded.

### 4.2 Intangible assets

(€ in million)	Trademarks	Customer Relationships	Other intangibles	Total Intangible Assets
<b>At December 31, 2021, net</b>	<b>26</b>	<b>48</b>	<b>22</b>	<b>96</b>
Cost	28	102	165	295
Accumulated depreciation	(2)	(53)	(143)	(199)
Exchange differences	-	2	-	2
Additions	-	-	15	15
Depreciation charge	-	(4)	(9)	(13)
<b>At June 30, 2022, net</b>	<b>26</b>	<b>46</b>	<b>28</b>	<b>100</b>
Cost	28	106	183	317
Accumulated depreciation	(2)	(60)	(155)	(217)

### 4.3 Property, plant & equipment

(€ in million)	Machinery & Equipment	Other Tangible Assets	TOTAL
<b>At December 31, 2021, net</b>	<b>1</b>	<b>44</b>	<b>46</b>
<i>Cost</i>	<i>63</i>	<i>224</i>	<i>287</i>
<i>Accumulated depreciation</i>	<i>(61)</i>	<i>(180)</i>	<i>(240)</i>
Exchange differences	-	1	1
Additions	-	14	14
Depreciation charge	-	(8)	(8)
Impairment loss	0	0	0
Transfer	(1)	0	(1)
<b>At June 30, 2022, net</b>	<b>1</b>	<b>52</b>	<b>53</b>
<i>Cost</i>	<i>64</i>	<i>256</i>	<i>320</i>
<i>Accumulated depreciation</i>	<i>(63)</i>	<i>(203)</i>	<i>(267)</i>

### 4.4 Right-of-use assets

(€ in million)	Real Estate	Others <sup>(1)</sup>	Total Right-of-use assets
<b>At December 31, 2021, net</b>	<b>94</b>	<b>23</b>	<b>117</b>
New contracts <sup>(2)</sup>	3	21	24
Change in contracts <sup>(3)</sup>	9	-	9
Depreciation charge	(8)	(8)	(16)
Impairment loss	(1)	-	(1)
Exchange differences	3	2	5
<b>At June 30, 2022, net</b>	<b>100</b>	<b>37</b>	<b>137</b>

<sup>(1)</sup> Relates mainly to IT capital leases

<sup>(2)</sup> Relates to new capital leases in India, Canada and UK

<sup>(3)</sup> Relates to extension and regroupment of several leases in India

## 5 Invested Equity

### Non-controlling interests

In 2022 and 2021, there is no change in non-controlling interests.

## 6 Financial assets, financing liabilities & derivative financial instruments

### 6.1 Financial assets

#### Cash and cash equivalents

(€ in million)	June 30, 2022	December 31, 2021
Cash	9	11
Cash equivalents	2	1
<b>Cash and cash equivalents</b>	<b>11</b>	<b>12</b>

### 6.2 Financial liabilities

#### 6.2.1 Borrowings

##### 6.2.1.1 Main features of the Group's borrowings

The Group's debt consists primarily of short term borrowings from Technicolor SA and lease liabilities. This financing will end with the new financing and spin-off presented in note 1.2. The Group's subsidiaries also deposit excess cash with Technicolor SA. These deposits are presented in the line "Other financial current assets". Details are given in the two tables below.

(€ in million)	June 30, 2022	December 31, 2021
Borrowing from Technicolor SA	206	216
Lease liabilities	158	134
Other debt	2	1
<b>Total</b>	<b>366</b>	<b>351</b>

<i>Average interest rate based on closing balances</i>	<i>7.75%</i>	<i>7.93%</i>
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(€ in million)	June 30, 2022	December 31, 2021
Deposit with Technicolor SA	151	178

##### 6.2.1.2 Key terms of the borrowing and deposit agreements

The Group's subsidiaries have entered into Treasury Management Agreements with Technicolor SA. These agreements allow the Technicolor SA central treasury to optimize financing arrangements within the Technicolor SA group for the mutual benefit of all parties by using the cash surpluses of some subsidiaries to finance the cash needs of others. Only the net amount is borrowed externally. These borrowings and deposits are recorded on internal current accounts with Technicolor SA treasury which bear interest at an arms-length rate.

The lease liabilities consist mainly of leases of real estate and to a lesser extent leases of computers and servers.

## 6.3 Derivative financial instruments

### 6.3.1 Financial derivative portfolio

The Group hedges its foreign currency exposures with the Technicolor SA treasury. The fair value of these hedges is less than 1M€.

## 6.4 Fair values

### 6.4.1 Classification and measurement

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:

	At June 30, 2022, net	Fair value measurement by accounting categories as of June 30, 2022					At December 31, 2021, net
		Amortized costs	Fair value through profit & loss	Fair value through equity	Derivatives Instruments	Fair Value measurement	
(€ in million)							
<b>Non-consolidated Investments</b>	<b>1</b>	-	1	-	-	Level 3	<b>1</b>
Cash collateral & security deposits	10	10	0	-	-	Level 1	10
Loans & others	2	2	-	-	-		4
Subleases receivables	0	0	-	-	-		0
Derivative financial instruments	-	-	-	-	-	Level 2	-
<b>Other non-current financial assets</b>	<b>12</b>						<b>14</b>
<b>Total non-current financial assets</b>	<b>13</b>						<b>14</b>
Cash collateral and security deposits	3	3	0	-	-	Level 1	2
Other current financial assets	151	151	-	-	-		178
Derivative financial instruments	(0)	-	-	-	(0)	Level 2	0
<b>Other financial current assets</b>	<b>153</b>						<b>181</b>
Cash	9	-	9	-	-	Level 1	11
Cash equivalents	2	-	2	-	-	Level 1	1
<b>Cash and cash equivalents</b>	<b>11</b>						<b>12</b>
<b>Total current financial assets</b>	<b>164</b>						<b>194</b>
Non current borrowings	(2)	(2)	-	-	-		(1)
<b>Borrowings</b>	<b>(2)</b>						<b>(1)</b>
Derivative financial instruments	(0)	-	-	-	(0)	Level 2	(0)
<b>Other non-current liabilities</b>	<b>(0)</b>						<b>(0)</b>
<b>Lease liabilities</b>	<b>(123)</b>	(123)	-	-	-		<b>(107)</b>
<b>Total non-current financial liabilities</b>	<b>(125)</b>						<b>(108)</b>
Borrowings	(207)	(207)	-	-	-		(216)
Lease liabilities	(35)	(35)	-	-	-		(27)
Derivative financial instruments	(0)	-	-	-	(0)		(0)
<b>Other current financial liabilities</b>	<b>(0)</b>	-	-	-	(0)	Level 2	<b>0</b>
<b>Total current financial liabilities</b>	<b>(241)</b>						<b>(243)</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>(366)</b>						<b>(351)</b>
Trade accounts and notes receivable	86	86					63
<b>TRADE RECEIVABLES</b>	<b>86</b>						<b>63</b>
Trade accounts and notes payable	63	63					40
<b>TRADE PAYABLES</b>	<b>63</b>						<b>40</b>

The group considers that the carrying amount of its borrowing and deposits with Technicolor SA approximates their fair value.

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.

## 6.5 Liquidity risk and management of financing and of capital structure

### *Maturity schedule of the Group's financings*

At 30 June 2022							
	H2-2022	H1-2023	H2 -2023 to H1 - 2024	H2-2024 to H1- 2025	H2-2025 to H1-2026	H2-2026 to H1-2027	Thereafter
Lease Liabilities	23	14	25	27	16	14	40
Other	2						
<b>Total debt principal payments</b>	<b>25</b>	<b>14</b>	<b>25</b>	<b>27</b>	<b>16</b>	<b>14</b>	<b>40</b>
							<b>158</b>
Lease liabilities - interest	11	10	7	6	4	2	-
Other debt - interests							
<b>Total interest payment</b>	<b>11</b>	<b>10</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>0</b>
							<b>40</b>

Trade payables maturity is in H2 2022.

Technicolor borrowing with Technicolor SA has no stated maturity and is based on business needs. However, with the spin-off project, and subject to necessary approvals and financing, this borrowing will be reimbursed in September 2022 together with the new financing presented in note 1.2.1.

### **Credit Lines**

The Group's does not have any committed credit lines. It finances its activity by borrowing from Technicolor SA.

## 7 Employee benefits

### 7.1 Post-employment & long-term benefits

In France, TCS Group has a defined benefit plan which corresponds to "Indemnités de fin de carrière". The pension liability related to that commitment amount to €3 million as of June 2022 stable comparing to December 2021.

In Canada, Technicolor Creative Studios provided to certain employees a post-retirement medical plan. This medical plan includes life insurance, health and dental care benefit coverage and was closed to new entrants. The pension liability related to these plans amount to €2 million as of June 2022 stable comparing to December 2021.

### 7.2 Share-based compensation plans

#### **Stock-options plans granted by Technicolor SA**

In fiscal years 2022, 2021, the Technicolor Creative Studios Group employees participated in the Technicolor SA share-based payment programs.

The expense recognized for the first six months of 2022 and 2021 is less than 1 M€ and reflected the cost related to the Combined Group employees in regards with several Management Incentive Plans prior to 2017, Long Term Incentive Plans from 2017 to 2020 and 2020 Additional Performance Shares Plan.



## 8 Provisions & contingencies

### 8.1 Detail of provisions

(€ in million)	Provisions for risks & litigations	Provisions for restructuring	Total
<b>As of December 31, 2021</b>	<b>5</b>	<b>4</b>	<b>9</b>
<i>Of which current</i>	3	4	6
<i>Of which non-current</i>	3	-	3
Current period additional provision	0	1	2
Release	-	(0)	(0)
Usage during the period	(0)	(4)	(4)
Other movements and currency translation adjustments	-	-	0
<b>As of June 30, 2022</b>	<b>6</b>	<b>1</b>	<b>7</b>
<i>Of which current</i>	2	1	3
<i>Of which non-current</i>	4	-	4

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

## 9 Specific operations impacting the combined statement of cash-flows

### 9.1 Cash impacts on investing operations

For the six months ended June 30, 2022 and 2021, the acquisition and disposal of activities and investments, net of cash position of companies acquired are nil.

### 9.2 Cash impacts on financing operations

The tables below show the Group's borrowings variation in the statement of financial position excluding borrowings from Technicolor SA :

(€ in million)	December 31, 2021	Cash impact of borrowings variation	Non cash variation				June 30, 2022
			Non cash mouvements on lease contracts	Interest expenses	Currency Translation Adjustments and Forex	Transfer Current - Non current	
Non current borrowing	1	0			0		2
Current borrowing	1	(0)			0		0
<b>TOTAL BORROWINGS</b>	<b>2</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>2</b>
Non current lease liabilities	107	(11)	30		5	(7)	123
Current lease liabilities	27	(7)	6	-	1	7	35
<b>TOTAL LEASE LIABILITIES</b>	<b>134</b>	<b>(18)</b>	<b>36</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>158</b>

## 10 Discontinued operations and held for sale operations

### 10.1 Discontinued operations

Discontinued activities for 2021 relate to Post-Production activities, a major line of business of TCS, sold to Streamland in April 30, 2021 for €29 million .

#### 10.1.1 Results of discontinued operations

(€ in million)	Six months ended June 30,	
	2022	2021
<b>DISCONTINUED OPERATIONS</b>		
Revenues	-	29
Cost of sales	-	(22)
<b>Gross margin</b>	<b>-</b>	<b>6</b>
Selling and administrative expenses	-	(2)
Restructuring Costs	-	(0)
Other expenses	-	5
<b>Earnings before Interest &amp; Tax from discontinued operations</b>	<b>-</b>	<b>9</b>
Financial net expenses	-	(1)
Income tax	-	-
<b>Net income</b>	<b>-</b>	<b>8</b>

#### 10.1.2 Net cash from discontinued operations

(€ in million)	Six months ended June 30,	
	2022	2021
<b>Gain from discontinued activities</b>	<b>0</b>	<b>8</b>
<i>Summary adjustments to reconcile loss from discontinued activities to cash used in discontinued operations</i>		
Depreciation and amortization	-	0
Net change in provisions	-	2
Profit (loss) on asset disposals	(0)	(8)
Interest (income) and expense	-	1
Other items (including tax)	-	(0)
Changes in working capital and other assets and liabilities	-	(6)
Interest paid on lease debt	-	(1)
<b>NET OPERATING CASH USED IN DISCONTINUED ACTIVITIES (I)</b>	<b>-</b>	<b>(4)</b>
<b>NET INVESTING CASH GENERATED FROM DISCONTINUED ACTIVITIES (II)</b>	<b>0</b>	<b>26</b>
Repayments of lease debt	-	(2)
<b>NET FINANCING CASH USED IN DISCONTINUED ACTIVITIES (III)</b>	<b>-</b>	<b>(2)</b>
<b>NET CASH GENERATED FROM DISCONTINUED ACTIVITIES (I+II+III)</b>	<b>0</b>	<b>20</b>

As of June 2021, the net investing cash generated from discontinued activities mainly consist in:

- Net cash received from the disposal of Post-Production activity for €27 million in April 2021;
- Acquisition of PPE for €(1) million.

## 11 Subsequent events

### **Spin-off progress and Refinancing Plans**

See note 1.2 for more detail.

# **Technicolor Creative Studios**

Société Anonyme

8-10, rue du Renard

75004 Paris

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## **Statutory Auditors' Review Report on the Interim Condensed Combined Financial Statements**

For the period from January 1 to June 30, 2022

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61, rue Henri Regnault  
92400 Courbevoie

# Technicolor Creative Studios

Société Anonyme  
8-10, rue du Renard  
75004 Paris

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## **Statutory Auditors' Review Report on the Interim Condensed Combined Financial Statements**

For the period from January 1 to June 30, 2022

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"To the Board of Directors of Technicolor Creative Studios SA,

In our capacity as statutory auditors of Technicolor Creative Studios SA (the "Company") and in response to your request in the context of the contemplated admission of the equity securities of the Company to trading on the regulated market of Euronext Paris, we have reviewed the accompanying interim condensed combined financial statements of the Company and its combined affiliates as of and for the period from January 1 to June 30, 2022 (thereafter the "Interim Condensed Combined Financial Statements").

We highlight that as this is the first set of interim condensed combined financial statements prepared as of June 30, 2022, we have neither audited nor reviewed the corresponding figures relating to the period from January 1 to June 30, 2021.

These Interim Condensed Combined Financial Statements are the responsibility of the Board of Directors of the Company. Our role is to express a conclusion on these Interim Condensed Combined Financial Statements based on our review.

We conducted our review in accordance with professional standards applicable in France, as well as with the professional guidance of the French Institute of Statutory Auditors (*"Compagnie nationale des commissaires aux comptes"*) applicable to such engagement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Combined Financial Statements have not been prepared, in all material respects, in accordance with IAS 34 – the standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in notes 1.1 and 1.3 to the Interim Condensed Combined Financial Statements, which describe the context of preparation and the purpose of the Interim Condensed Combined Financial Statements, as well as the basis of preparation and notably, the principles applied for the combination of the entities under common control in the absence of specific guidance in International Financial Reporting Standards as adopted by the European Union.

Paris-La Défense and Courbevoie, July 29th, 2022

The Statutory Auditors

DELOITTE & ASSOCIES

MAZARS

Bertrand Boisselier

Jean-Luc Barlet

Charlotte Grisard"

## GLOSSARY

<b>Adjusted EBIT</b>	means the EBIT excluding impairment charges, restructuring costs and other income and expenses.
<b>Adjusted EBITDA</b>	means the EBITDA excluding cloud computing capacity utilization costs and depreciation and amortization expenses, as well as the impact of provisions for risks, warranties and litigation.
<b>Adjusted EBITA after lease (new definition)</b>	means the EBIT adjusted positively by the amortization of intangibles that arose from acquisitions or disposals (PPA amortization), restructuring costs, other non-current items, comprising Other (expenses) income, Impairment (losses) gain and Capital gains/losses, and negatively by the difference between operating lease payments and operating leases assets depreciation.
<b>Adjusted EBITDA after lease (new definition)</b>	means the Adjusted EBITA after lease (new definition) adding back depreciation and amortization, excluding depreciation of usage-based IT costs, operating leases assets depreciation and Amortization of intangibles that arose from acquisitions or disposals (PPA amortization) and non-cash income and expense such as equity-settled share-based payments, including capital lease depreciation.
<b>Adjusted Operating Cash Flow after lease (new definition)</b>	means the Adjusted EBITDA after Lease (new definition), less (i) capital expenditures, excluding usage-based IT cost (without cloud rendering), (ii) capital leases cash out, (iii) restructuring cash out, (iv) change in working capital, excluding cloud rendering cash out, and (v) other non-current cash out.
<b>Adjusted Cash Flow after lease (new definition)</b>	means Adjusted Operating Free Cash Flow after lease (new definition) minus Net interest paid excluding leases and other cash financial items and Income tax cash out.
<b>AFEP-MEDEF Code</b>	means the corporate governance code for listed companies ( <i>Code de gouvernement d'entreprise des sociétés cotées</i> ), drawn up jointly by the French employers' associations, AFEP ( <i>Association française des entreprises privées</i> ) and MEDEF ( <i>Mouvement des entreprises de France</i> ), in its version revised and made public on January 30, 2020.
<b>AMF</b>	stands for the <i>Autorité des Marchés Financiers</i> .
<b>Annual Combined Financial Statements</b>	means the Company's combined financial statements for the years ended 31 December 2019, 31 December 2020 and 31 December 2021 prepared in accordance with the IFRS as adopted by the European Union.
<b>CAGR</b>	stands for "Compound Annual Growth Rate" and is an approximate measure of an investment's profitability, focused on asset growth but not accommodating periodic cashflows.
<b>CapEx</b>	means net operating CapEx plus repayment of lease liabilities.

<b>Centralizing Bank</b>	means Société Générale Securities Services, 32, rue du Champ de Tir, 44308 Nantes Cedex 03, France.
<b>CG or CGI</b>	stands for Computer-Generated Imagery.
<b>Copyright Directive</b>	stands for Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019.
<b>CSR</b>	stands for Corporate Social Responsibility.
<b>Distribution Date</b>	refers to the date on which the exceptional distribution of Technicolor SA premiums consisting of the Company's Shares becomes effective.
<b>EBIT</b>	stands for earnings before interest and taxes.
<b>EBITA</b>	stands for earnings before interest, tax, depreciation and amortization.
<b>ESMA</b>	stands for European Securities Market Authority.
<b>Euronext Paris</b>	refers to the regulated market of Euronext Paris.
<b>GAAP</b>	stands for generally accepted accounting principles.
<b>GDPR</b>	refers to the Regulation (EU) 2016/679 of the European Parliament and of the Council of 25 May 2016 on Data Protection.
<b>Group's Combined Financial Statements</b>	means together the Interim Condensed Combined Financial Statements and the Annual Combined Financial Statements
<b>IFRS</b>	stands for International Financial Reporting Standards.
<b>Interim Condensed Combined Financial Statements</b>	means the Company's condensed combined financial statements for the six-month period ended 30 June 2022 prepared in accordance with IAS 34, the standard of the IFRS as adopted by the European Union applicable to interim financial statements.
<b>KPIs</b>	stands for Key Performance Indicators.
<b>LMS</b>	stands for Learning Management System.
<b>MCN</b>	stands for mandatory convertible notes.
<b>OpEx</b>	refers to the operational expenditure required for the day-to-day functioning of a business, as opposed to CapEx, capital expenditure required to create a benefit in the future.



<b>Prospectus Regulation</b>	refers to Regulation (EU) 2017/1129, as amended.
<b>Record Date</b>	means the accounting registration date for Technicolor SA shares, taken into account for the allotment of the Company's Shares.
<b>SOC</b>	stands for Security Operations Center.
<b>VAT</b>	stands for the value-added tax.
<b>VFX</b>	stands for visual effects.