



PRESS RELEASE

**AVAILABILITY OF A PROSPECTUS RELATING TO CERTAIN ISSUANCES IN CONNECTION WITH TECHNICOLOR'S DRAFT ACCELERATED FINANCIAL SAFEGUARD PLAN**

Paris (France), 10 July 2020 – [Technicolor](#) (Euronext Paris: TCH; OTCQX: TCLRY) (the "**Company**") announces that the Autorité des marchés financiers has approved on 10 July 2020 under number 20-343 the prospectus (the "**Prospectus**") made available to the public in connection with:

- the issuance and admission to trading on the regulated market of Euronext in Paris ("**Euronext Paris**") of new shares, to be subscribed for by cash, in specie or by way of set-off, as part of a capital increase with shareholders' preferential subscription rights, for a maximum gross amount, including the issue premium, of EUR 329,999,999.90, by the issuance of a maximum number of 110,738,255 new shares at a unit price of EUR 2.98, on the basis of 43 new shares for 6 existing shares (the "**Capital Increase with DPS**")
- the admission on Euronext Paris of 92,178,770 new shares issued as part of a capital increase without shareholders' preferential subscription rights for the benefit of the Company's Creditors, for a gross amount, including issue premium, of EUR 329,999,996.60, at a unit price of EUR 3.58 (the "**Reserved Capital Increase**");
- the issuance and admission to trading on Euronext Paris of a maximum number of 15,407,114 free warrants (the "**Shareholders' Warrants**") granted to all shareholders, on the basis of one (1) Shareholder's Warrant for one (1) existing share, five (5) Shareholder's Warrants giving the right to subscribe for four (4) new shares, which may result in the issuance of a maximum number of 12,325,691 new shares, at a price of EUR 3.58 per new share;
- the admission on Euronext Paris of a maximum number of 12,325,691 new shares that may be issued upon exercise of the Shareholders' Warrants;
- the admission on Euronext Paris of a maximum number of 17,701,957 new shares, at an issue price of one cent (€0.01) per new share (without issue premium), which may be issued upon the exercise of a maximum number of 17,701,957 free warrants granted by the Company to the Lenders (the "**New Money Warrants**").

The completion of the aforementioned transactions is part of the accelerated financial safeguard plan approved by the Company's committee of credit institutions and assimilated entities on 5 July 2020 and to be approved by judgment of the Paris Commercial Court on 28 July 2020, according to the indicative timetable, and remains subject to:

- the approval by the extraordinary general meeting of the Company's shareholders to be held on 20 July 2020 of the resolutions necessary for the implementation of the Company's draft accelerated financial safeguard plan, including the aforementioned issuances, it being specified that the resolutions relating to the issuances form an indissociable whole and are interdependent; and



- the approval of the Company's draft accelerated financial safeguard plan by judgment of the Paris Commercial Court; according to the indicative timetable currently envisaged, the court is expected to consider the request for approval of the draft plan on 28 July 2020.

Furthermore given the timetable contemplated for the launch of the aforementioned transactions, as an indication on 6 August 2020, and the contemplated publication on 30 July 2020 of the half year financial report of the Company, a supplement to the Prospectus will be submitted to the approval of AMF prior to their implementation.

The settlement-deliveries of the shares resulting from the Capital Increase with DPS and the Reserved Capital Increase must occur simultaneously, no later than 15 October 2020, in accordance with the terms of the accelerated financial safeguard plan, and all of the Shareholders' Warrants and the New Money Warrants will only be exercisable as from and subject to the completion of the aforementioned settlement-deliveries.

The issuance operations provided for in the accelerated financial safeguard plan form an indivisible whole, so that if one of them could not be carried out, then none of them would be carried out.

Copies of the Prospectus, composed of (i) the Company's 2019 Universal Registration Document filed with the AMF on 20 April 2020 under number D.20-0317, (ii) the Amendment to the 2019 Universal Registration Document filed with the AMF on 10 July 20 under number D.20-0317-A01 and a securities note (including the summary of the Prospectus), are available free of charge at Technicolor's registered office, -10 rue du Renard - 75004 Paris, on the Company's website ([www.technicolor.com](http://www.technicolor.com)) as well as on the AMF website ([www.amf-france.org](http://www.amf-france.org)).

### **Independent Expertise**

The Company appointed on a voluntary basis the firm Finexsi, located at 14 rue Bassano, 75116 Paris, and represented by Mr. Olivier Peronnet and Mr. Errick Uzzan, as independent expert, in accordance with Article 261-3 of the AMF's General Regulations, in order to give an opinion on the fairness of the terms and conditions of the Company's restructuring from the perspective of the current shareholders.

The conclusion of this opinion is reproduced below:

*"In conclusion, for the shareholder, the implementation of these financings makes it possible to maintain the Company as a going concern, by reducing its current debt at a high overall average cost but close to market conditions for issues of comparable class, the terms and conditions of which have been included in our calculations on the evolution of its assets and liabilities.*

*Therefore, in the context of the Company's current financial difficulties, we consider that, as of the date of this report, the terms and conditions of the Transaction are fair from a financial point of view to the shareholders"*

This independent expert's report is reproduced *in extenso* as Appendix 1 to the aforementioned securities note and is also available on the Company's website ([www.technicolor.com](http://www.technicolor.com)).

**Appendix:** Summary of the Prospectus (translated for information purpose only - French version shall prevail)



**Disclaimer**

*This press release, the information it includes, do not constitute an offer to sell or subscribe for, or a solicitation of an order to buy or subscribe for Technicolor securities in Australia, Canada, Japan, or the United States of America or in any other country in which such offer or solicitation would be unlawful.*

*The release, publication or distribution of this press release may, in certain jurisdictions, constitute a breach of the applicable local laws and regulations. Consequently, persons physically present in such jurisdictions in which this press release is released, published or distributed must be aware of and comply with any such local restrictions. This press release must not be released, published or distributed, directly or indirectly, in Australia, Canada, Japan or the United States of America.*

*This announcement is not an advertisement and not a prospectus within the meaning of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing the Prospectus Directive 2003/71/EC (the "**Prospectus Regulation**").*

*With respect to the Member States of the European Economic Area other than France, no action has been undertaken or will be undertaken to make an offer to the public of the securities referred to herein requiring a publication of a prospectus in any relevant Member State. Accordingly, any offer of Technicolor's securities may only be made in any Member State (i) to qualified investors as defined in the Prospectus Regulation, or (ii) in any other case exempting Technicolor from having to issue a prospectus in accordance with Article 1(4) of the Prospectus Regulation.*

*With respect to the United States, Technicolor's securities have not been, and will not be, registered under the Securities Act of the United States of America, as amended (U.S. Securities Act of 1933, as amended, hereinafter referred to as the "**U.S. Securities Act**"). The securities of Technicolor may not be offered, sold, exercised or delivered within the territory of the United States of America, as defined by Regulation S of the U.S. Securities Act, except pursuant to an exemption from the registration requirements of the U.S. Securities Act.*



**Warning: Forward Looking Statements**

*This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions or which do not directly relate to historical or current facts. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers and, in particular, the Prospectus.*

**About Technicolor:**

[www.technicolor.com](http://www.technicolor.com)

Technicolor shares are on the Euronext Paris exchange (TCH) and traded in the USA on the OTCQX marketplace (OTCQX: TCLRY).

**Investor Relations**

Christophe le Mignan: +33 1 88 24 32 83

[Christophe.lemignan@technicolor.com](mailto:Christophe.lemignan@technicolor.com)



## SUMMARY OF PROSPECTUS

(Translated for information purpose only - French version shall prevail)

Approval of the AMF n°20-343 dated 10 July 2020

### Section 1 – Introduction

#### 1.1 Identification of the securities offered

**Denomination for the shares:** Technicolor

**ISIN Code for the shares:** FR0013505062

**ISIN Code for the Shareholders Warrants:** will be subsequently disclosed

#### 1.2 Identity and contact details of the Issuer, including its legal entity identifier (LEI)

**Corporate name and trade name:** Technicolor (the “Company” and, together with its subsidiaries and participations, the “Group”)

**Registration place and number:** R.C.S Paris 333 773 174

**LEI Code:** 4N6SD705LP5XZKA2A097

#### 1.3 Identity and contact details of the competent authority having approved the Prospectus

**Autorité des marchés financiers (“AMF”)** – 17 place de la Bourse, 75002 Paris, France.

The Universal Registration Document of the Company was filed on 20 April 2020 under number D.20-0317 with the AMF.

The Amendment to the Universal Registration Document of the Company was filed on 10 July 2020 under number D.20-0317-A01 with the AMF

**Date of approval of the prospectus:** 10 July 2020

#### 1.5 Warning to the reader

This summary prospectus must be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those the persons who have tabled the summary, including its translation, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or where it does not provide, when read together with the other parts of the Prospectus, key information to help the investors considering investing in the said securities. The investor could lose all or part of the capital invested upon a decline in the Company’s share price.

### Section 2 – Key information about the issuer

#### 2.1 Who is the issuer of the securities?

**Corporate name:** Technicolor

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

**Legal form:** French *Société anonyme à conseil d’administration*

**Applicable law:** French law

**Country of origin:** France

**RCS:** R.C.S Paris 333 773 174

**LEI:** 4N6SD705LP5XZKA2A097

**Main activities:** One of the world leaders in the Media & Entertainment sector, Technicolor operates in three leading operating businesses:

- in Production Services, Technicolor is a leading provider of services to content creators, including visual effects, animation and video post-production services (“**Production Services**”);
- in DVD Services, Technicolor is the leader in replication, packaging and distribution services of CD, DVD, Blu-ray™ and UHD (“**DVD Services**”);
- in Connected Home, Technicolor is leader in the design and supply of solutions enabling the delivery of digital video entertainment, data, voice and Smart Home services to Pay-TV operators and Networks, including broadband modems and gateways, Set-Top Box and other connected devices (“**Connected Home**”).

**Shareholding as of 30 June 2020:**

Shareholders	Number of shares	% of the capital	% of the voting rights*
RWC	993,139	6.45%	6.45%
BPI	1,167,944	7.58%	7.58%
Caisse des Dépôts et Consignation	134,491	0.87%	0.87%
➤ Subtotal BPI and Caisse des dépôts et Consignation	1,302,435	8.45%	8.45%
Invesco	1,100,000	7.14%	7.14%



Bain Capital Credit	952,407	6.18%	6.18%
Credit suisse AM	131,509	0.85%	0.85%
Public	10,927,624	70.93%	70.93%
<b>TOTAL</b>	<b>15,407,114</b>	<b>100%</b>	<b>100%</b>

\*Percentage of actual voting rights (excluding treasury shares (auto-détention))

No entity controls the Company and, to the latter's knowledge, there is no shareholders' agreement relating to the Company.

**Identity of the main corporate officers:** Mr. Richard Moat, Chief Executive Officer and Mrs. Anne Bouverot, Chairman of the Board of Directors,

**Identity of the statutory auditors:**

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

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

## 2.2 What is the key financial information concerning the issuer?

### Key financial information from the consolidated income statement

(in millions of euros)	Fiscal year ended 31 December		
	2019	2018	2017
Revenues of the continuing operations	3 800	3 988	4 253
Earnings before interest and tax (EBIT) from continuing operations	-121	-119	40
Net income attributable to equity holders of the Company	-230	-68	-172
Growth in revenues from one year to another at constant exchange rates (à taux constants)	-7.30%	-2.9%	Na
Gross margin	425	467	602
Net total earnings per share	(0.56)	(0.16)	(0,42)

### Key financial information from the consolidated balance sheet

(in millions of euros)	Fiscal year ended 31 December		
	2019	2018	2017
Total assets	3 210	3 759	3 712
Total equity (capitaux propres)	36	272	336
cash and cash equivalent	65	291	319
Total current and non-current liabilities	3 173	3 487	3 376

### Key financial information from the consolidated cash flows

(in millions of euros)	Fiscal year ended 31 December		
	2019	2018	2017
Cash flows from operating activities	146	171	312

### Other key financial information

(in millions of euros) at actual rates (à taux reels)	Fiscal year ended 31 December		
	2019	2018	2017
Adjusted EBITDA *	324	266	341
Adjusted EBITA **	42	98	151

\* Corresponds to the profit (loss) from continuing operations before tax and net financial income (expense), net of other income (expense), depreciation and amortization (including impact of provision for risks, litigation and warranties); "Adjusted EBITDA" in 2019 at budget rate (EUR = USD 1.15) and without IFRS 16 impact amounts to €248 million;

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

**Qualified statement in the audit report relating to the historical financial information:** none.

### Profit forecasts or estimates:

The 2020-2022 profit forecasts below have been prepared and produced on a comparable basis to the historical financial information and in accordance with the issuer's accounting policies.

**Continuing operations - post IFRS 16**



€m ; FYE-Dec post-IFRS 16	2019 a	Base Case			High Case		
		2020e	2021e	2022e	2020e	2021e	2022e
<b>Revenues</b>	<b>3,800</b>	<b>3,118</b>	<b>3,476</b>	<b>3,632</b>	<b>3,274</b>	<b>3,820</b>	<b>4,035</b>
<i>Annual % growth</i>		(17.9%)	+11.5%	+4.5%	(13.9%)	+16.7%	+5.6%
<b>Adj. Continuing EBITDA</b>	<b>324</b>	<b>169</b>	<b>340</b>	<b>425</b>	<b>255</b>	<b>471</b>	<b>578</b>
<i>% of revenues</i>	8.5%	5.4%	9.8%	11.7%	7.8%	12.3%	14.3%
<b>Adj. Continuing EBITA</b>	<b>42</b>	<b>(64)</b>	<b>105</b>	<b>202</b>	<b>20</b>	<b>236</b>	<b>342</b>
<i>% of revenues</i>	1.1%	(2.1%)	3.0%	5.6%	0.6%	6.2%	8.5%
<b>Continuing FCF*</b>	<b>(21)</b>	<b>(115)</b>	<b>89</b>	<b>259</b>	<b>(47)</b>	<b>223</b>	<b>402</b>

\* Before financials results and tax

in m€	30 June 2020 <sup>(1)</sup>	31 December 2020	30 June 2021	31 December 2021
Group Cash before Credit Lines (CL)	(323)	(311)	(582)	(386)
Available CL as per current structure <sup>(2)</sup>	418	318	318	318
<b>Liquidity after Credit Lines</b>	<b>96</b>	<b>7</b>	<b>(264)</b>	<b>(68)</b>
(+) New money, net of O.I.D and underwriting	0	420	420	420
<b>Pro Forma Liquidity after new money</b>	<b>96</b>	<b>427</b>	<b>156</b>	<b>352</b>

(1) Data as of 30 June 2020 estimated for the press release dated 22 June 2020

(2) 250 million from the RCF, EUR 125 million from the Credit Facility and up to the end of July USD 110 million from Bridge Loan

### 2.3 What are the risks specific to the issuer?

The main risks factors specific to the Company and its business sectors:

**Liquidity risk (cash flow forecasts):** • The Company does not have, on the date of this summary and prior to the implementation of the Safeguard Plan, a sufficient consolidated net working capital to meet its future obligations over the next twelve months.

• In the event that the Safeguard Plan is not approved, the Company considers that its ability to continue as a going concern would be compromised.

**Indebtedness related risks:**

• The Group's high level of indebtedness (EUR 1 302 million as of 31 December 2019) as compared to the Group's generated free cash flows (EUR -163 million as of 31 December 2019) could increase the Group's vulnerability to adverse economic events or industrial evolutions.

The Group's important debt could restrict its capacity to anticipate or react to changes in the businesses and sectors in which it operates and could further restrict its capacity to incur additional debts or to strengthen its shareholders' equity (*capitaux propres*).

**Health and safety related risks:**

• The recent events, the evolution of the COVID-19 pandemic as well as the instructions issued by the World Health Organization could significantly impact the Technicolor Group. The effects of these instructions on the business of some of its customers and suppliers (i.e., business slowdown, interruption of studio and streaming platform productions, closure of movie theaters, etc.) have directly affected the Group's business in several markets, through supply delays or order interruptions, including Asia, France, the United Kingdom, India, Canada and the United States, and to different extents depending on the Group's divisions. • The distribution centers of the DVD Services division also constitute a vector of exposure to the environmental, hygiene and safety risks. They are mainly located in the United-States, in Mexico, in Canada, in the United-Kingdom and in Australia.

**Risks of dependency on suppliers and main components:**

• In 2019, the 5 first suppliers of the division supplied approximately 45% of the indispensable components. This dependency on suppliers involves several risks, including a limited control on prices, on conditions, on availability of goods, on quality and on delivery deadlines.

• The market prices increases, the shortage of components such as memory chips DRAM and Flash as well as our inability to control these factors could significantly reduce the profitability of the Connected Home business.

**Risks associated with attracting, training and retaining creative, production and technology talents:**

• In order to ensure its growth and renew its key collaborators, the division must attract and retain the best talents. Any loss of attractiveness



of both the Group and the division on the employment market could be detrimental to the division's performance.

**Risks of clients' concentration and negotiation of contracts (Connected Home):**

- A large portion of the Technicolor's revenues in the Connected Home division is generated with the large operators of Pay-TV and networks. In 2019, the sales to the division's five main clients represented approximately 43% of the revenues from the Connected Home segment and approximately 22% of the Group's consolidated revenues.

- The market further concentrated around a restricted number of players. This sectoral concentration could permit to restore the balance of the negotiation power with the clients whose purchasing power increases.

**Risks associated with the fluctuations in interest rates and exchange rates:**

- The Group is exposed to the fluctuations in interest rates mainly with respect to its indebtedness and cash flow.

- The Group is exposed to currency risk because a significant part of its consolidated revenues and a part of its assets relate to subsidiaries that use currencies other than euro.

- Due to the opening of the accelerated financial safeguard procedure, the banks have cancelled the foreign currency credit lines and as a result the Group is unable to hedge its interest and exchange rates.

**Risks of clients concentration and negotiation of contracts (DVD Services):**

- The DVD Services division operates on a concentrated market with a limited number of significant clients pursuant to long-term contracts. In 2019, the DVD Services division's five largest clients represented approximately 75% of the segment's revenues, i.e. approximately 8% of the Group's consolidated revenues.

- The division's operating result could be impacted should its clients decide to terminate these contracts (in accordance with their provisions) in the case where the division would not be in a position to renew them at their expiry or could only renew them under far less favorable conditions.

**Risks related to antitrust procedures**

- Technicolor has been defending several legal actions in various European jurisdictions alleging damages suffered as a result of anti-competitive behavior in the Cathode Ray Tubes industry. All of these cases follow the European Commission's decision of December 2012 under which Technicolor was fined EUR 38.6 million for its alleged participation in a cartel.

- Technicolor is not able to evaluate the potential outcome of those cases and the resulting potential liability due to the complexity of these cases, as Technicolor is still defending some of them on procedural grounds and/or on the basis that not all of these claims have not been fully substantiated.

**Section 3 – Key information about the securities**

**3.1 What are the main characteristics of the securities?**

**1) New shares issued in connection with the share capital increases and upon exercise of the warrants:**

**Nature, class and ISIN code**

The new shares issued in connection with the capital increase in cash with preferential subscription right that would be carried out on the basis of the first resolution of the combined general meeting of the Company's shareholders (the "**General Meeting**") to be held on July 20, 2020 (the "**Capital Increase with DPS**"), the capital increase in cash without the shareholders' preferential subscription right in favor of the holders of Claims (as this term is defined in section 4 of the summary below) that would be carried out on the basis of the second resolution of the General Meeting (the "**Reserved Capital Increase**"), and upon exercise of the free warrants that would be allocated to the shareholders on the basis of the third resolution of the General Meeting (the "**Shareholders Warrants**") and the free warrants that would be allocated at no charge to the lenders under the New Money (as this term is defined in section 4 of the summary below) on the basis of the fourth and fifth resolutions of the General Meeting (the "**New Money Warrants**") and, with the Shareholders Warrants, the "**Warrants**") would be ordinary shares of the same class as the Company's existing shares (ISIN FR0013505062) which shall be subject to all the provisions of the Company's by-laws and shall be governed by French law. They shall be created with immediate rights to dividends and shall entitle, as from their issuance, to all dividends and all distributions decided by the Company as from this date (together, these "**New Shares**").

**Currency, denomination, nominal value and number of New Shares likely to be issued**

**Issue currency:** euro

**Denomination for the shares:** Technicolor

**Nominal value:** 0.01 euro

**Maximum number of New Shares likely to be issued in connection with the Capital Increase with DPS:** 110,738,255

**Maximum number of New Shares likely to be issued in connection with the Reserved Capital Increase:** 92,178,770

**Maximum number of New Shares likely to be issued upon exercise of the Shareholders Warrants:** 12,325,691

**Maximum number of New Shares likely to be issued upon exercise of the New Money Warrants:** 17,701,957

**Rights attached to the New Shares:** the new shares shall, as from their creation, be subject to all the provisions of the Company's by-laws. Under current French law and the Company's current by-laws, the following main rights shall be attached to the new shares: (i) right to dividends, it being specified that the New Shares shall be created with immediate right to dividends and shall entitle, as from their issuance, to all the distributions decided by the Company as from this date (ii) voting right, (iii) preferential subscription right, (iv) right to participate in any liquidation surplus and (v) shareholders' right to information.

**Rank relating to the New Shares in the issuer's equity structure upon insolvency:** NA.

**Restrictions on the free transferability of the New Shares:** no clause of the by-laws limits the free transferability of the shares composing the Company's share capital.

**Dividends policy:** the payment of dividends or any other distribution is based on the Group's financial results, including its net result and its investment policy. No dividend has been distributed over the last three fiscal years. In the long run, considering the current restructuring, the



future dividends policy has not been determined at this stage.

## 2) Shareholders Warrants

### **Nature, class and ISIN code**

In connection with the contemplated transactions, a maximum number of 15,407,114 free Shareholders Warrants shall be issued and allocated on 11 September 2020, according to indicative timetable, to the shareholders providing proof of a book entry of their shares on the date retained for the detachment of the shareholders' preferential subscription rights under the Capital Increase with DPS, i.e., on 7 August 2020 according to the indicative timetable. The Shareholders Warrants shall be admitted to trading on Euronext Paris as from 11 September 2020 under an ISIN code number to be subsequently disclosed.

The Shareholders Warrants constitute securities giving access to the capital within the meaning of articles L. 225-91 *et seq.* of the French commercial Code.

### **Rights attached to the Shareholders Warrants:**

The Shareholders Warrants shall be allocated to the Company's shareholders on the basis of one (1) Shareholder Warrant for one existing share.

Five (5) Shareholders Warrants shall entitle to the subscription to four (4) New Shares, at the price of 3.58 euros per new share, i.e. a total exercise price of 14.32 euros. Any holder who does not hold at least 5 Warrants (or a multiple of 5) will not be able to exercise all of his Warrants. Holders will be responsible for dealing personally with fractional shares at the time of the exercise of the Warrants and acquire the number of Warrants necessary to hold a multiple of 5 and thus subscribe to the Company's shares. The exercise ratio may be adjusted further to transactions that the Company could carry out as from the date of issuance of the Shareholders Warrants under the provisions of applicable law in order to maintain the rights of the holders of Shareholders Warrants. It is specified that the Capital Increase with DPS, the Reserved Capital Increase and the issuance and free allocation of the New Money Warrants shall not entitle to an adjustment of the Shareholders Warrants.

The holders of Shareholders Warrants shall be entitled to obtain at any time, during a period of four (4) years as from the settlement-delivery date of the last of the Capital Increases, i.e., according to the indicative timetable from 11 September 2020 until 11 September 2024 included, New Shares through the exercise of the Shareholders Warrants. In the event of financial transactions involving a preferential subscription right or reserving a priority subscription period for shareholders, as well as in the event of a merger or demerger, the Board of Directors is entitled to suspend the exercise of the Shareholder Warrants for a period that may not exceed three months or any other period set by the applicable regulations, and this option may under no circumstances result in the holders of the Shareholder Warrants losing their rights to subscribe for New Shares of the Company.

The Shareholders Warrants which would not have been exercised within the aforementioned deadline shall become null and void thereby losing any value and all rights attached thereto.

The holders of Shareholders Warrants are gathered together in a French "*masse*" with legal personality governed by provisions identical to those set forth under articles L. 228-47 to L. 228-64, L. 228-66 and L. 228-90 of the French commercial Code.

A request for the admission to trading of the Shareholder Warrants on the regulated market of Euronext Paris will be made.

**Theoretical value of the Shareholder Warrants:** between 0.44 euros and 1.36 euros on the basis of a reference share price (ex right) between 2.10 euros and 3.89 euros and a retained volatility of 55%.

**Issue currency:** euros

**Denomination for the Shareholders Warrants:** will be subsequently disclosed

**Rank relating to the securities in the issuer's equity structure upon insolvency:** not applicable

**Maximum number of Shareholders Warrants:** 15,407,114

**Restrictions on the free transfer of the Shareholders Warrants:** none

**Dividend or distribution policy:** NA

## 3) New Money Warrants

### **Nature and class**

In connection with the contemplated transactions, a maximum number of 17,701,957 New Money Warrants could be issued. The New Money Warrants shall not be admitted to trading on any market whether regulated or not.

The New Money Warrants constitute securities giving access to the capital within the meaning of articles L. 225-91 *et seq.* of the French commercial Code.

They shall be issued in accordance with the delegation of authority to the Board of Directors with a view to proceeding with the issuance and free allocation of warrants with cancellation of the shareholders' preferential subscription right reserved for (i) the lenders under the 420 million euros new money to be made available to Technicolor's subsidiaries in connection with the safeguard plan (except for BPI) constituting a category of persons meeting specific characteristics in accordance with article L. 225-138 of the French commercial Code and (ii) BPI in accordance with the terms of the same article (the "**New Money**").

**Rights attached to the New Money Warrants:** The free New Money Warrants shall be allocated to the New Money lenders.

One (1) New Money Warrant shall entitle to the subscription to one (1) New Share at the price of 0.01 euro per New Share without issue premium.

The exercise ratio may be adjusted further to transactions that the Company could carry out as from the date of issuance of the New Money Warrants under the provisions of applicable law in order to maintain the rights of the holders of New Money Warrants. It is specified that the Capital Increase with DPS, the Reserved Capital Increase and the issuance and free allocation of the Shareholders Warrants shall not entitle to an adjustment of the New Money Warrants.



The holders of New Money Warrants shall be entitled to obtain at any time, during a period of three (3) months as from the settlement-delivery date of the last of the Capital Increases, i.e., according to the indicative timetable from 11 September 2020 until 11 December 2020 included, New Shares through the exercise of the New Money Warrants.

The New Money Warrants which would not have been exercised within the aforementioned deadline shall become null and void thereby losing any value and all rights attached thereto.

The holders of New Money Warrants are gathered together in French "masse" with legal personality governed by provisions identical to those set forth under articles L. 228-47 to L. 228-64, L. 228-66 and L. 228-90 of the French commercial Code.

**Issue currency:** euro

**Denomination of the New Money Warrants:** NA

**Rank relating to the securities in the issuer's equity structure upon insolvency:** NA

Number of New Money Warrants: 17,701,957

**Restrictions on the free transfer of the New Money Warrants:** none

**Dividend or distribution policy:** NA

### 3.2 Where are the securities traded?

A request will be made for admission to trading of the New Shares on Euronext Paris (compartment B).

The New Shares issued in connection with the Capital Increases shall be admitted to trading on that market as from 11 September 2020. They shall be immediately assimilated to the Company's existing shares already negotiated on Euronext Paris and negotiable, as from that date, on the same trading line under the ISIN code FR0013505062.

A request will be made for admission to trading of the free Shareholders Warrants allocated to the shareholders, on Euronext Paris under an ISIN code to be subsequently disclosed. The admission to trading on Euronext Paris is scheduled on 11 September 2020.

A request will be made for admission to trading of the New Shares resulting from the exercise of the Shareholders Warrants and the New Money Warrants on Euronext Paris (compartment B) and shall be negotiable on the same line as the existing shares.

The New Money Warrants shall not be admitted to trading on the regulated market of Euronext Paris. However, a request will be made for the admission to trading of the New Money Warrants on Euroclear France which shall ensure the clearing of the New Money Warrants between the custody account-keepers.

### 3.3 Is there a guarantee attached to the securities?

NA

### 3.4 What are the main risks specific to the securities?

#### **Risks common to the issuances:**

- In the case where the conditions precedent relating to the Issuances would not be satisfied, the Issuances as well as the other transactions provided for under the Safeguard Plan could not be implemented and the Group would not have sufficient consolidated net working capital to meet its obligations for the next twelve months and the continuity of business operations would be compromised.

- The existing shareholders will suffer a dilution of their equity stake in the Company's share capital as a result of the completion of the Issuances, it being specified that this dilution would be higher should the existing shareholders not subscribe to the Capital Increase with DPS or not exercise their Shareholders Warrants. For information purposes, a shareholder holding 1% of the Company's share capital would have its stake reduced (on a diluted basis), after completion of the Issuances and exercise of all the Warrants, to (i) 0.06% in the event that he does not subscribe to the Capital Increase with DPS, and does not exercise its Shareholders' Warrants and (ii) 0.56% in the event that he exercises all of his preferential subscription rights under the Capital Increase with DPS as well as all of his Shareholders' Warrants.

- Given the very large number of shares issued in connection with the Issuance, sales of a significant number of the Company's shares, preferential subscription rights or Warrants could occur rapidly from the date of completion of the Issuances, or such sales could be expected by the market, which could have an adverse impact on the market price of the shares, the preferential subscription rights and/or the market price of the Warrants.

#### **Risks associated with the capital increase with preferential subscription right:**

- No assurance can be given as to the fact that a market will develop for preferential subscription rights and, if the same develops, it could only offer limited liquidity and be subject to high volatility. Holders of preferential subscription rights who do not wish to exercise them may not be able to sell them on the market. In addition, in the event of a price decrease in the Company's shares, the value of the preferential subscription rights may decrease.

#### **Risks associated with the issuances of the Shareholders Warrants:**

- No assurance can be given as to the fact that a market will develop for Shareholders Warrants and, if the same develops, it could only offer limited liquidity and be subject to high volatility. In the event of a decrease in the market price of the Company's shares, the Shareholders' Warrants could see their value decline.

- The market price of the Company's shares could fluctuate and remain below the subscription price of the new shares issued upon exercise of the Shareholders Warrants and, as a result, the holders of Shareholder Warrants may not be able to readjust their stake in the Company's capital at favorable price conditions. If a decrease in the share price occur after exercise of the Shareholders Warrants by their holders, the latter could suffer a loss in case of immediate sale of the said shares.

## Section 4 – Key information about the offer of securities to the public and/or the admission to trading on a market

### 4.1 Under what conditions and according to what timetable may I invest in these securities?

#### **Conditions of the transaction:**

Capital Increase with DPS

technicolor



The Capital Increase with DPS, of a maximum amount of EUR 329,999,999.90 (including a nominal amount of 1,107,382.55 euros and an issue premium of 328,892,617.35 euros) shall be carried out with the shareholders' preferential subscription right on the basis of 43 New Shares for 6 existing shares with a nominal value of 0.01 euro each via the issuance of a maximum number of 110,738,255 New Shares. 6 preferential subscription rights shall entitle to subscribe, on an irreducible basis (*à titre irréductible*), to 43 New Shares with a nominal value of 0.01 euro each, at a unit subscription price of 2.98 euros (issue premium included). The shareholders or the assignees of preferential subscription rights may also subscribe, on a reducible basis (*à titre réductible*), to the number of New Shares they want. Only the New Shares, non-subscribed on an irreducible basis (*à titre irréductible*), will be allocated and allotted to subscribers on a reducible basis (*à titre réductible*). Orders for subscriptions subject to reduction will be served within the limit of their requests and in proportion to the number of existing shares whose rights will have been used in connection with their irrevocable subscriptions, without this resulting in the allocation of fractional New Shares.

According to the provisional timetable, it is expected that the trading period of the preferential subscription rights will be opened from 7 August until 2 September 2020 included.

According to the provisional timetable, it is expected that the subscription period of the New Shares, in connection with the Capital Increase with DPS via the exercise of the preferential subscription rights will be opened from 11 August until 4 September 2020 included. The preferential subscription rights not exercised shall automatically become null and void at the close of the subscription period. Shareholders willing to subscribe to the Capital Increase with DPS must, until 4 September 2020 included (according to provisional timetable), send their subscription requests and proceed with the payment of their subscription funds (i) for shareholders registered in administered registered form or in bearer form, to their authorized intermediary acting in their name and on their behalf and (ii) for shareholders registered in pure registered form, to Société Générale Securities Services.

In accordance with the provisions of article L. 225-134 of the French commercial Code and pursuant to the first resolution to be submitted to the General Meeting's approval, if the subscriptions on an irreducible basis (*à titre irréductible*) and, as applicable, on a reducible basis (*à titre réductible*), have not covered the entire amount of the issuance, the Board of Directors is entitled to allocate the unsubscribed shares between the holders of Claims in accordance with their subscription undertakings to guarantee the Capital Increase with DPS.

The Capital Increase with DPS is subject, in accordance with the Safeguard Plan, to (i) an irreducible subscription commitment by BPI corresponding to the amount of its stake in the Company's share capital, i.e. 7.58% of the share capital, and (ii) subscription commitments by the holders of Claims given as a guarantee covering 100% of the Capital Increase with DPS.

It is expected that the settlement-delivery of the Capital Increase with DPS will occur on 11 September 2020 according to the provision timetable.

#### Reserved Capital Increase

The Reserved Capital Increase, of a maximum amount (issue premium included) of EUR 329,999,996.60 (including a nominal amount of 921,787.70 euros and an issue premium of 329,078,208.90 euros) shall be carried out through the issuance of a maximum number of 92,178,770 New Shares, to be subscribed by way of set-off against a part of the Claims at their face value (*valeur faciale*), at the subscription price of 3.58 euros (i.e. a nominal value of 0.01 euro and an issue premium of 3.57 euros).

According to the provisional timetable, it is expected that the subscription period of the New Shares, in connection with the Reserved Capital Increase will be opened on 9 September 2020 exclusively. The holders of Claims have irrevocably undertaken, for each in proportion to its share in the Claims subject to conversion through the Reserved Capital Increase, to subscribe to the Reserved Capital Increase. These commitments cover the entire amount of the Reserved Capital Increase.

It is expected that the settlement-delivery of the Reserved Capital Increase will occur on 11 September 2020 concurrently with the settlement-delivery of the Capital Increase with DPS.

#### Shareholders Warrants

A maximum number of 15,407,114 free Shareholders Warrants shall be issued and allocated on 11 September 2020 to the Company's shareholders on the basis of one (1) Shareholders Warrant for one (1) ordinary share of the Company.

5 Shareholders Warrants shall entitle to subscribe, during a period of 4 years as from the date of the settlement-delivery of the last of the Capital Increases, to 4 New Shares, at a subscription price (issue premium included) of 3.58 euros per New Share (subject to adjustments). The aggregate maximal number of Shareholders Warrants shall be equal to 15,407,114. The aggregate number of New Shares to which all the issued Shareholders Warrants shall entitle to subscribe shall not exceed 12,325,691 New Shares.

The delivery date scheduled for the Shareholders Warrants is 11 September 2020.

The New Shares shall be issued after exercise of the Shareholders Warrants on the day of their settlement-delivery and the funds shall be paid on that date.

#### New Money Warrants

A maximum number of 17,701,957 free New Money Warrants shall be issued and allocated on 11 September 2020 according to the provisional timetable in connection with a capital increase with cancellation of the shareholders' preferential subscription right (i) to the benefit of the New Money lenders (except for BPI) and (ii) to the benefit of BPI. The allocation of the New Money Warrants to the benefit of the said lenders, including BPI, will be carried out in proportion to their share in the New Money, it being specified that to date, only BPI's share in the New Money has been definitively determined, the other lenders may transfer their interests, in particular with respect to the balance of the New Money.

The New Money Warrants shall be exercisable during a period of 3 months following the settlement-delivery date of the last of the Capital Increases, one (1) New Money Warrant entitling to subscribe to one (1) New Share (subject to adjustments) for a unit subscription price of 0.01 euro (without issue premium).

The delivery date scheduled for the New Money Warrants is 11 September 2020.



The New Shares shall be issued after exercise of the New Money Warrants on the day of their settlement-delivery and the funds shall be paid (or the claims permitting the paying-up of the New Shares shall be set-off) on the exercise date.

**Admission to trading on a regulated market:**

It is expected that the New Shares issued in connection with the Capital Increase with DPS and the Reserved Capital Increase be admitted to trading on Euronext Paris as from 11 September 2020 according to the provisional timetable.

The New Shares resulting from the exercise of the Shareholders Warrants and the New Money Warrants shall be subject to periodic applications for admission to trading on Euronext Paris (compartment B) and shall be negotiable on the same line as the existing shares.

It is expected that the Shareholders Warrants be admitted to trading on Euronext Paris as from 11 September 2020 according to the provisional timetable.

No request for admission to trading of the New Money Warrants on Euronext Paris will be made.

**Distribution plan**

Capital Increase with DPS

The subscription to the New Shares to be issued in connection with the Capital Increase with DPS is reserved for the initial holders of the preferential subscription rights and for the assignees of these preferential subscription rights. Each shareholder shall receive on 7 August 2020 a preferential subscription right per share recorded on its securities account (after the close of trading) on the last accounting day preceding the opening date of the trading period of the preferential subscription rights, i.e. at the end of the accounting day of 6 August 2020 according to the provisional timetable. The preferential subscription rights shall be traded on Euronext Paris as from 7 August 2020 until 2 September 2020 and may be exercised as from 11 August 2020 until 4 September 2020 according to the provisional timetable.

Shareholders Warrants

The free Shareholders Warrants shall be allocated to the Company's shareholders providing proof of a book entry of their shares on the date retained for the detachment of the shareholders' preferential subscription rights under the Capital Increase with DPS, i.e., on 7 August 2020 according to the provisional timetable.

Reserved Capital Increase

The New Shares issued in connection with the Reserved Capital Increase shall be issued with cancellation of the shareholders' preferential subscription right to the benefit of the holders of Claims in accordance with the provisions of article L. 225-138 of the French commercial Code.

New Money Warrants

The New Money Warrants shall be issued in connection with a capital increase with cancellation of the shareholders' preferential subscription right to the benefit of (i) the lenders under the New Money (except for BPI), constituting a category of persons meeting specific characteristics pursuant to the terms of fourth resolution of the General Meeting and in accordance with article L. 225-138 of the French commercial Code and (ii) BPI pursuant to the terms of fifth resolution of the General Meeting and in accordance with the provisions of article L. 225-138 of the French commercial Code.

**Countries in which the offer shall be opened:** the offer shall be opened to the public only in France.

**Key dates of the provisional timetable:**

<b>07/20/2020</b>	Authorization by the combined General Meeting of Technicolor shareholders of the Capital Increase with DPS, of the Reserved Capital Increase and of the free allocation of the Shareholder Warrants and of the New Money Warrants
<b>07/28/2020</b>	Approval by the Paris Commercial Court of the Safeguard Plan
<b>08/04/2020</b>	AMF approval of the supplement to the Prospectus
<b>08/05/2020</b>	Decision of the Company's Board of Directors acknowledging the fulfillment of the conditions precedent to the Issuances and deciding on the implementation of the delegations of authority relating to these Issuances
<b>08/05/2020</b>	Publication by Euronext of the issuance notice relating to the Capital Increase with DPS and announcing the listing of the preferential subscription rights
<b>08/06/2020</b>	Accounting day at the end of which persons registered in the accounts will be granted preferential subscription rights
<b>08/07/2020</b>	Detachment of the preferential subscription rights Opening of the trading period of the preferential subscription rights on Euronext Paris Record date* for the allocation of the Shareholders Warrants
<b>08/11/2020</b>	Opening of the subscription period of the Capital Increase with DPS
<b>09/02/2020</b>	Closing of the trading period of the preferential subscription rights
<b>09/04/2020</b>	Closing of the subscription period of the Capital Increase with DPS
<b>09/09/2020</b>	Outcome of the subscription to the Capital Increase with DPS Decision of Technicolor's Board of Directors with a view to (i) allocating the shares not subscribed in connection with the Capital Increase with DPS to the holders of Claims by way of set-off against their claims (ii) launching the Reserved Capital Increase (iii) allocating the Warrants Subscription to the Reserved Capital Increase Publication by the Company of a press release announcing the outcome of the subscriptions under the Capital Increase with DPS



<b>09/11/2020</b>	Publication by Euronext of the admission notice for the New Shares under the Capital Increase with DPS and the Reserved Capital Increase and the Shareholders Warrants stating, <i>inter alia</i> , the final amount of the Capital Increase with DPS and the allocation scale of the subscriptions on a reducible basis ( <i>à titre réductible</i> ) Issuance of the New Shares under the Capital Increase with DPS and the Reserved Capital Increase Settlement-delivery of the Capital Increase with DPS and the Reserved Capital Increase Settlement-delivery of the Warrants Admission of the New Shares issued in connection with the Capital Increase with DPS and the Reserved Capital Increase to trading on Euronext Paris Admission of the Shareholders Warrants to trading on Euronext Paris Opening of the Exercise period of the Warrants
<b>12/11/2021</b>	Closing of the Exercise Period of the New Money Warrants – Nullity of the New Money Warrants not exercised
<b>09/11/2024</b>	Closing of the Exercise Period of the Shareholders Warrants – Nullity of the Shareholders Warrants not exercised

**Amount and percentage of dilution immediately resulting from the Issuances:**

On an indicative basis, the theoretical impact of the issuance of the New Shares resulting from the Capital Increase with DPS, the Reserved Capital Increase and the exercise of all the Shareholders Warrants, the New Money Warrants over the equity stake held by a shareholder holding 1% of the Company's share capital prior to the issuance of the New Shares and the Warrants (calculated on the basis of a number of 15,407,114 shares composing the Company's share capital as of 30 June 2020) would be as follows:

	Absence of subscription to the Capital Increase with DPS and of exercise of the Shareholders Warrants by the shareholder		Exercise of all its preferential subscription rights and absence of exercise of the Shareholders Warrants by the shareholder		Exercise of all its preferential subscription rights and Shareholders Warrants by the shareholder	
	On a non-diluted basis	On a diluted basis*	On a non-diluted basis	On a diluted basis*	On a non-diluted basis	On a diluted basis*
Equity stake of the shareholder (in %)						
Prior to the issuance of the New Shares and the allocation of the Warrants	1%	0.99%	1%	0.99%	1%	0.99%
After issuance of 110,738,255 New Shares in connection with the Capital Increase with DPS	0.12%	0.12%	1%	1%	1%	1%
After issuance of 202,917,025 New Shares in connection with the Capital Increase with DPS and with the Reserved Capital Increase	0.07%	0.07%	0.58%	0.58%	0.58%	0.58%
After issuance of 220,618,982 New Shares in connection with the Capital Increase with DPS, with the Reserved Capital Increase and the exercise of all the New Money Warrants	0.07%	0.07%	0.53%	0.53%	0.53%	0.53%
After issuance of 232,944,673 New Shares in connection with the Capital Increase with DPS, with the Reserved Capital Increase and the exercise of all the New Money Warrants and the Shareholders Warrants	0.06%	0.06%	0.51%	0.51%	0.56%	0.56%

\*Calculations based on the assumption of the issuance of the maximum number of free shares to be issued in connection with the free allocations plans in force on the date of the Prospectus, i.e., 121,172 free shares, it being specified that the stock options allocated by the Company and remaining outstanding on the date of the Prospectus have not been taken into account in the potential dilution since their minimum exercise price (i.e. EUR 86.13) is far above the Company's share price.

On an indicative basis, the allocation of the share capital and voting rights after the Issuances would be based on the following assumptions:

Shareholders	Subscription/exercise of 100% of the Capital Increase with DPS and of the Shareholders' Warrants by the Shareholders	Subscription/exercise of 50% of the Capital Increase with DPS of the Shareholder and of the Warrants by the Shareholders	Absence of subscription to the Capital Increase with DPS and exercise of the Shareholder Warrants by the Shareholders



	Number of shares	% of capital and voting rights	Number of shares	% of capital and voting rights	Number of shares	% of capital and voting rights
RWC	8,905,136	3.59%	4,949,114	1.99%	993,139	0.42%
BPI	11,315,497	4.56%	10,848,321	4.37%	10,381,145	4.40%
Caisse des Dépôts et Consignation	1,205,928	0.49%	670,188	0.27%	134,491	0.06%
➤ Subtotal Bpifrance Participations and Caisse des dépôts et Consignation	12,521,425	5.04%	11,518,509	4.64%	10,515,636	4.45%
Invesco	9,863,319	3.97%	5,481,638	2.21%	1,100,000	0.47%
Bain Capital Credit	12,203,758	4.91%	16,968,857	6.83%	20,980,258	8.89%
Credit suisse AM	15,967,833	6.43%	24,229,484	9.76%	31,273,416	13.25%
Barings	13,701,516	5.52%	20,423,464	8.22%	26,160,903	11.08%
Alcentra (Jubilee)	8,726,271	3.51%	12,988,244	5.23%	16,626,000	7.04%
Goldman Sachs	8,286,908	3.34%	12,352,456	4.97%	15,822,555	6.70%
ICG	5,408,227	2.18%	8,061,495	3.25%	10,326,161	4.38%
Other holders of Claims /Lenders	46,694,308	18.80%	70,759,690	28.49%	91,300,404	38.68%
Public	106,073,086	42.71%	60,618,836	24.41%	10,927,624	4.63%
<b>TOTAL</b>	<b>248,351,787</b>	<b>100%</b>	<b>248,351,787</b>	<b>100%</b>	<b>236,026,096</b>	<b>100%</b>

**Total estimated expenditures:** expenditures relating to the Issuances to be borne by the Company are assessed at 37 million euros  
**Expenditures charged to the investor by the Company:** NA

4.2 Why is this prospectus drawn up?

**Reason for the issuances and use of the proceeds: Context of the Issuances** - The contemplated Capital Increase with DPS, Reserved Capital Increase and contemplated allocation of Shareholders Warrants and New Money Warrants (the "**Issuances**") fall within the scope of the Company's draft accelerated financial safeguard plan approved by all the Company's relevant creditors' committees on 5 July 2020 and to be approved pursuant to a judgment of the Paris Commercial Court on 28 July 2020, according to the provisional timetable (the "**Safeguard Plan**"). For the record, considering the Group's financial situation which has been facing since February 2020 urgent liquidity needs which have increased during the second quarter 2020 due to the Covid-19 epidemic and the confinement measures put in place to prevent the spread of the virus having impacted, both in France and abroad, to varying degrees the activity of the Group's various divisions and (i) considering the impossibility to carry out the proposed EUR 300M capital increase which was intended to cover the Group's initial liquidity needs and (ii) the material impossibility to obtain the creditors' unanimous consent in connection with the conciliation proceedings opened on 2 June 2020 in order to envisage a more global restructuring of the Group's indebtedness, the Company has requested the opening of accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*) with a view to reducing the Group's debt and meeting its operating needs. Under these circumstances, pursuant to a judgment dated 22 June 2020, the Paris Commercial Court opened, for a duration of one month, the accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*). The Company and some of its main holders of Claims (as this term is defined below), have formalized and confirmed in legally binding agreements (lock-up agreement or support agreement to the restructuring) the main terms and conditions of the Company's financial restructuring. The draft Safeguard Plan, formalizing the terms and conditions of the aforementioned agreement, envisages the following main restructuring and financing transactions:

- the Contribution of a sum equivalent to circa. 420 million euros (net of costs and commissions) of new liquidities for the purposes of the continuation of the 2020-2022 strategic plan (updated with respect to the COVID-19 impact), the financing of the Group's current operations and the full refinancing of a bridge loan in an amount of USD 110 million, in principal, taken out, *inter alia*, by Technicolor USA, Inc. (the "**Bridge**") due on 31 July 2020 (the "**New Money**"), it being specified that in consideration for the contribution of the funds as part of the New Money, the New Money lenders shall, *inter alia*, be granted New Money Warrants (each in proportion to its participation in the New Money), which may be exercised during a 3 month-period, at the par value of the share and representing approximately 7.5% of the capital post Capital Increases (but prior to the dilution of the Shareholders Warrants). With a view to limiting the shareholders' dilution resulting



from these New Money Warrants, the draft Safeguard Plan provides for the issuance of free Shareholders Warrants, which may be exercised during 4 year-period, at the same price as the Reserved Capital Increase (3.58 euros per share) and representing approximately 5% of the capital post dilution of all the Issuances. Various security interests and guarantees of the Company would be granted as collateral for the New Money and, in particular, a *fiducie sûreté* of Tech 7, a subsidiary of the Company, and, subject to the positive consultative vote of the Shareholders' Meeting under the terms of its 8th resolution, a *fiducie sûreté* on the shares of Gallo 8, a wholly-owned subsidiary of the Company, it being specified that in the context of internal restructuring operations, the ownership of some of the Group's companies has been or will be transferred to these companies.

- the restructuring of the existing indebtedness in order to bring it back to a level consistent with the Group's business prospects, i.e.:
  - o the reinstatement of 45.2% of the claims due under (i) the facility agreement of circa 1 billion euros (which includes EUR 755 million facilities and USD 300 million facilities), dated 6 December 2016 entered into, *inter alia*, between the Company, Citibank N.A., London Branch, as security agent, J.P. Morgan Europe Limited, as agent, J.P. Morgan Limited and Citigroup Global Markets Limited, as co-bookrunners (such as amended, modified, supplemented, or restated from time to time) (the "**Term Loan B**") and (ii) the revolving credit facility of EUR 250 million entered into on 21 December 2016 between, *inter alia*, the Company, Natixis as agent and Citibank N.A., London Branch as security agent (such as amended, modified, supplemented, or restated from time to time) (the "**RCF**" and, together with the Term Loan B, the "**Facility Agreements**") (the "**Claims**"), within new term lines of credit in an amount equivalent to 572 million euros in principal, maturing on 31 December 2024 and the granting, as a collateral, of new security interests on the Group's assets and a personal guarantee;
  - o the settlement of the remaining balance of the Claims in an amount equivalent to 660 million euros, in connection with the Capital Increase with DPS and with the Reserved Capital Increase or, as applicable, with a cash payment;
  - o the extension to 31 December 2023 of the maturity date of another credit line facility granted to Technicolor USA, Inc. (the "**Wells Fargo Line**") as well as other modifications necessary for the setting-up of the restructuring operations.

The approval of the Safeguard Plan by the Paris Commercial Court is one of the conditions precedent to the implementation of the Safeguard Plan (including the completion of the Issuances), such approval being itself conditioned to the favorable vote of the General Meeting on each one of the Issuances. Should this condition precedent be satisfied, the Issuances (which are interdependent) may be decided by the Board of Directors and subscribed under the conditions referred to above.

The completion of the Capital Increases will thus permit to substantially reduce the Group's financial indebtedness up to 660 million euros, it being specified that the completion of these Capital Increases is subject, *inter alia*, to the approval by the General Meeting of all the resolutions relating to the Issuances, these resolutions forming an indivisible whole and being interdependent. In the case where these Capital Increases could not be carried out, the Company considers that the Group would not have sufficient consolidated net working capital to meet its obligations for the next twelve months and that the continuity of business operations would be compromised.

**Use of proceeds** - the amount of the subscriptions to the Capital Increase with DPS will be fully allocated to the repayment of the non-reinstated and non-converted Claims, up to 330 million euros, it being specified that the subscription in specie by the shareholders will permit the cash repayment of the said Claims up to the amount of the said subscription and that the balance of the Capital Increase with DPS, not subscribed at the close of the subscription period will be fully subscribed by the holders of Claims, pursuant to their commitment under the Safeguard Plan, by way of set-off against part of the Claims (which shall become payable on that date pursuant to the Safeguard Plan).

The holders of Claims' Reserved Capital Increase, in an amount of 330 million euros, shall be fully subscribed by way of set-off against part of the Claims (which shall become payable on that date pursuant to the Safeguard Plan). Consequently, the Reserved Capital Increase will only allow the Company to reduce the Company's indebtedness and will not generate any proceeds.

In the event that the Shareholders' Warrants were exercised, the proceeds from the subscriptions, in cash, of the Shareholders' Warrants would be used to finance the Group's general needs.

**Net estimated amount of the proceeds:** the gross proceeds of the Capital Increases would be used exclusively to reduce the Group's indebtedness through the repayment or conversion into New Shares of a part of the Claims. The maximum gross amount of the exercise of all the New Money Warrants would be of 177,019.57 euros and the maximum gross amount of the exercise of the Shareholders Warrants would be of 44,125,973.78 euros. Expenses relating to the Issuances will be fully financed with the Group's available cash after the New Money has been granted.

**Underwriting agreement with firm commitment:** NA.

**Main conflicts of interests:** to the Company's knowledge, there is no interest, including any conflicting interest of a shareholder or group of shareholders likely to significantly impact the Issuances. It is however recalled that:

- BPI, member of the Company's Board of Directors holding, on the date of the Prospectus, 7.58% of the Company's share capital and voting rights, has undertaken to subscribe, as a shareholder, on an irreducible basis, to the Capital Increase with DPS up to the stake it holds in the share capital;
- The funds and account managed by Bain Capital Credit LP hold, on the date of the Prospectus, 6.18% of the Company's share capital and voting rights. Some of these funds are also holders of Claims and may be lenders under the New Money;
- the holders of Claims have irrevocably undertaken, in the case where, at the end of the subscription period, all the subscription on an irreducible basis (*à titre irréductible*) and, as applicable, on a reducible basis (*à titre réductible*), would not have covered the entire Capital Increase with DPS, to subscribe, for each in proportion to its share in the Claims to be repaid or converted as a result of the Capital Increase with DPS (except agreements between the holders of Claims), to the unsubscribed portion of the Capital Increase with DPS by set-off against their Claims (these commitments covering the entire amount of the Capital Increase with DPS);
- the holders of Claims have irrevocably undertaken, to subscribe, for each in proportion to its share in the Claims to be repaid or

technicolor



converted as a result of the Capital Increase with DPS, by set-off against their Claims to the Reserved Capital Increase (these undertakings covering the entire amount of the Reserved Capital Increase).

The Safeguard Plan further provides, in consideration for the granting of the New Money, for the allocation at no charge of the New Money Warrants to the exclusive benefit of the Lenders (including BPI).

To the Company's knowledge and as of the date hereof, with the exception of BPI and Bain Capital Credit LP, no Lender or holders of Claims holds more than 1% of the Company's capital.

**Independent expertise:** the firm Finexsi, appointed on a voluntary basis by the Company as independent expert to assess the fairness of the transactions planned under the Safeguard Plan for the Company's shareholders, has, in its fairness opinion, issued the following opinion: "*In conclusion, for the shareholder, the implementation of these financings makes it possible to maintain the Company as a going concern, by reducing its current debt at a high overall average cost but close to market conditions for issues of comparable class, the terms and conditions of which have been included in our calculations on the evolution of its assets and liabilities.*

*Therefore, in the context of the Company's current financial difficulties, we consider that, as of the date of this report, the terms and conditions of the Transaction are fair from a financial point of view to the shareholders.*

**Retention undertaking:** Subject to the usual exceptions, the Lenders and the holders of Claims which would hold more than 2% of the Company's share capital after completion of the Capital Increases and assuming the issuance of New Shares upon the exercise of the New Money Warrants (whether exercised or not) have agreed to undertake to retain (i) during a period of 90 days following the settlement-delivery date of the Capital Increases, at least 50% of the New Shares which would be allocated to them as a result of the Capital Increases and upon exercise of the New Money Warrants, and (ii) during an additional period of 90 days, at least 16.67% of the said New Shares.