



# First Quarter 2021 Earnings Call

May 12, 2021

# Cautionary Statement Regarding Forward-looking Statements Pursuant to Safe Harbor Provisions of The Private Securities Litigation Reform Act of 1995

## Cautionary Statement Regarding Forward-Looking Statements

This presentation includes “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements concerning Kodak’s plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, liquidity, investments, financing needs and business trends and other information that is not historical information. When used in this presentation, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “predicts,” “forecasts,” “strategy,” “continues,” “goals,” “targets” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and similar expressions, as well as statements that do not relate strictly to historical or current facts, are intended to identify forward-looking statements. All forward-looking statements, including management’s examination of historical operating trends and data, are based upon Kodak’s expectations and various assumptions.

Future events or results may differ from those anticipated or expressed in the forward-looking statements. Important factors that could cause actual events or results to differ materially from the forward-looking statements include, among others, the risks and uncertainties described in more detail in Kodak’s Annual Report on Form 10-K for the year ended December 31, 2020 under the headings “Business,” “Risk Factors,” “Legal Proceedings” and/or “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” and in other filings Kodak makes with the U.S. Securities and Exchange Commission from time to time, as well as the following: Kodak’s ability to improve and sustain its operating structure, cash flow, profitability and other financial results; Kodak’s ability to achieve cash forecasts, financial projections and projected growth; Kodak’s ability to achieve the financial and operational results contained in its business plans; Kodak’s ability to comply with the covenants in its various credit facilities; Kodak’s ability to fund continued investments, capital needs and restructuring payments and service its debt and Series B Preferred Stock and Series C Preferred Stock; the impact of the global economic environment or medical epidemics such as the COVID-19 pandemic, including the restrictions and other actions implemented to fight the COVID-19 pandemic; the impact of the investigations, litigations and claims arising out of the circumstances surrounding the announcement by the U.S. International Development Finance Corporation in July 2020 of a potential loan to a subsidiary of Kodak to support the launch of a pharmaceutical initiative; the performance by third parties of their obligations to supply products, components or services to Kodak and the ability to address supply chain disruptions and continue to obtain raw materials and components available from single or limited sources of supply, which may be adversely affected by the COVID-19 pandemic; changes in foreign currency exchange rates, commodity prices, interest rates and tariff rates; Kodak’s ability to effectively anticipate technology trends and develop and market new products, solutions and technologies; Kodak’s ability to effectively compete with large, well-financed industry participants; continued sufficient availability of borrowings and letters of credit under Kodak’s asset based credit facility and letter of credit facility, Kodak’s ability to obtain additional financing if and as needed and Kodak’s ability to provide or facilitate financing for its customers; the potential impact of cyber-attacks and other data security incidents that disrupt Kodak’s operations; and Kodak’s ability to effect strategic transactions, such as acquisitions, strategic alliances, divestitures and similar transactions, or to achieve the benefits sought to be achieved from such strategic transactions.

There may be other factors that may cause Kodak’s actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to Kodak or persons acting on its behalf apply only as of the date of this presentation and are expressly qualified in their entirety by the cautionary statements included or referenced in this presentation. Kodak undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, except as required by law.



# Agenda

- **Introduction**

**Paul Dils, Chief Tax Officer and Director of Investor Relations**

- **CEO Perspective**

**Jim Continenza, Executive Chairman**

- **First Quarter 2021 Financial Results and Review**

**David Bullwinkle, Chief Financial Officer**



# CEO Perspective

- Ended the first quarter of 2021 with \$401 million in cash resulting from our strategic initiatives which we began more than two years ago as part of our long-term strategy, including the financing transactions announced on March 1, 2021.
- Significantly strengthened the balance sheet by providing access to new capital and addressing maturing obligations, which will allow the company to invest in strategic growth opportunities in our core businesses and competencies.
- Simplified organization structure is better aligned with our customers needs by providing a “One Kodak” customer first experience and better allows us to continue to focus on generating profitable revenue:
  - Automation of front end, customer facing applications
  - Realignment and consolidation of our service organization
  - Improved cost structure
  - Focus on our core competencies
- Strong growth in our businesses, including Sonora Process Free Plates and Prosper annuities this quarter and continued growth of overall volume increases in our other businesses.
- Hiring and making acquisitions in key areas to support Company growth, strengthen our customer base and enhance our ability to serve our customers.
- Strategy is to focus on our core competencies and leverage our deep knowledge base to continue product innovation to meet the needs of our customers and provide environmentally sustainable solutions.



# CEO Perspective

- An example of this strategic focus is our innovations in the areas of Print, Advanced Materials and Chemicals as displayed at virtual Drupa 2021:
  - The KODAK MAGNUS Q4800 Platesetter, a new solution for extra-large format plate imaging.
  - The KODAK MAGNUS Q800 Platesetter with T-speed, the world's fastest 8-page CTP device, is capable of imaging up to 80 plates per hour.
  - SONORA XTRA, Kodak's next-generation process free plate delivers faster imaging speeds, stronger image contrast and improved handling, plus sustainability and waste savings in prepress and on press.
  - KODAK PRINERGY On Demand Business Solutions, is the printing industry's first and only fully integrated and managed business software.
  - The KODAK NEXFINITY Digital Press, has the versatility printers need to handle a wide range of jobs with maximum productivity.
  - The UTECO Sapphire EVO W Press, powered by KODAK ULTRASTREAM Inkjet Technology, is the first digital press for flexible packaging to match the productivity of flexo. The Sapphire EVO M Press, powered by KODAK Stream Technology, has already been successfully established in the growing packaging market.
  - The KODAK PROSPER ULTRA 520 Digital Press, which utilizes KODAK ULTRASTREAM Inkjet Technology. This web press prints near-offset quality images faster than competitors across a broad range of commercial print substrates using cost-effective water-based KODAK Inks.



# First Quarter 2021 Financing Transactions

- On March 1, 2021, announced a series of financial transactions that provide access to new capital, address maturing obligations, and strengthen the Company's ability to invest in strategic growth opportunities in print, advanced materials and chemicals.
  - Financing Transactions with Kennedy Lewis Investment Management:
    - Senior Secured Term Loans for up to \$275 million; \$225 million funded at close and \$50 million delayed draw.
    - Issuance of \$25 million Non-Voting Convertible Notes.
    - 1,000,000 common shares issued at \$10 per share.
  - Redemption and exchange financing transaction with funds managed by Southeastern Asset Management:
    - Redemption of \$100 million of existing Series A Convertible Preferred Stock.
    - Exchange of the remaining \$100 million of Series A Convertible Preferred Stock for Series B Convertible Preferred Stock and five-year extension.
  - Financing Transactions with Grand Oaks Capital, an investment firm founded by businessman and Paychex founder Tom Golisano:
    - Initial issuance and sale of \$75 million of Series C Convertible Preferred Stock at close.
    - Final issuance and sale of the remaining \$25 million of Series C Convertible Preferred Stock on March 30, 2021, after expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act.
  - Amended and extended ABL Facility and entered into a new \$50 million Letter of Credit Facility.



# First Quarter 2021 Results

(\$ millions)	Q1 2021	Q1 2020	(Decline) / Improvement - \$
<b>Consolidated Revenue</b>	\$265	\$267	(\$2)
Less: Favorable Impact of Foreign Exchange <sup>2</sup>	(\$9)		
<b>Adjusted Consolidated Revenue</b>	\$256	\$267	(\$11)
<b>Net Income (Loss)</b>	\$6	(\$111)	\$117
Changes in Fair Value of Embedded Derivative Liability Features	\$1	(\$53)	
Trade Name Impairment		\$3	
Increase in Accounts Receivable Reserves		\$3	
Increase in Deferred Tax Valuation Allowances		\$167	
<b>Adjusted Net Income</b>	\$7	\$9	(\$2)
<b>Operational EBITDA <sup>1</sup></b>	\$3	(\$8)	\$11
Add: Increase in Accounts Receivable Reserves		\$3	
<b>Adjusted Operational EBITDA</b>	\$3	(\$5)	\$8

- Operational EBITDA was favorably impacted by growth in key product areas and savings from cost reduction efforts.
- Q1 2021 sales and volume for growth engines:
  - Volume for KODAK SONORA Process-Free Plates improved by 8 percent
  - Annuities revenue for KODAK PROSPER improved by 12 percent
- Continued investment in ULTRASTREAM and advanced materials

<sup>(1)</sup> Operational EBITDA is equivalent to “Segment Operational EBITDA”. Refer to page 9 of this presentation for the explanation of Segment Operational EBITDA.

<sup>(2)</sup> Refer to page 9 of this presentation for the explanation on the calculation of constant currency.



# First Quarter 2021 Cash Flow

(\$ Millions)	Three Months Ended March 31,			
	2021	2020	Change	
Primary Drivers of Cash:				
Cash from Operations:				
Net income (loss)	\$ 6	\$ (111)	\$ 117	\$16M Year-Over-Year Increase in Cash Flow from Net Earnings
Depreciation and amortization	8	10	(2)	
Pension income	(21)	(22)	1	
Change in fair value of embedded conversion features derivatives	1	(53)	54	
Net gain on sales of assets / businesses	-	(8)	8	
Asset impairments	-	3	(3)	
Stock based compensation	3	1	2	
Provision for deferred income taxes	-	161	(161)	\$9M Year-Over-Year Increase in Cash Flow from Balance Sheet Changes
Change in working capital	10	(6)	16	
Decrease in liabilities excluding borrowings	(22)	(27)	5	
Other items, net	(1)	11	(12)	
<b>Net cash used in operating activities</b>	<b>(16)</b>	<b>(41)</b>	<b>25</b>	
<b>Net cash used in investing activities</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>	
<b>Net cash provided by (used in) financing activities</b>	<b>242</b>	<b>(3)</b>	<b>245</b>	
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(4)	(4)	-	
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>\$ 221</b>	<b>\$ (49)</b>	<b>\$ 270</b>	
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>\$ 221</b>	<b>\$ (49)</b>	<b>\$ 270</b>	
<b>Net (increase) decrease in restricted cash</b>	<b>(16)</b>	<b>25</b>	<b>(41)</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 205</b>	<b>\$ (24)</b>	<b>\$ 229</b>	

\$3M Use of Cash from Net Earnings

\$13M Use of Cash from Balance Sheet Changes





# Non-GAAP Measures

In this first quarter earnings presentation, reference is made to the following non-GAAP financial measures:

- Revenues and Operational EBITDA on a constant currency basis;
- Net Income (Loss) excluding changes in fair value of embedded derivative liability features, trade name impairment, increase in accounts receivable reserves and increase in deferred tax valuation allowances (“Adjusted Net Income”);
- Operational EBITDA; and
- Operational EBITDA excluding the increase in accounts receivable reserves (“Adjusted Operational EBITDA”).

Kodak believes that these non-GAAP measures represent important internal measures of performance as used by management. Accordingly, where they are provided, it is to give investors the same financial data management uses with the belief that this information will assist the investment community in properly assessing the underlying performance of Kodak, its financial condition, results of operations and cash flow.

Kodak’s segment measure of profit and loss is an adjusted earnings before interest, taxes, depreciation and amortization (“Operational EBITDA”). Operational EBITDA represents the income from continuing operations excluding the provision for income taxes; non-service cost components of pension and OPEB income; depreciation and amortization expense; restructuring costs; stock-based compensation expense; consulting and other costs; idle costs; other operating income, net; interest expense; and other income, net.

The change in consolidated revenues and Operational EBITDA on a constant currency basis, as presented in this earnings presentation, is calculated by using average foreign exchange rates for the three months ended March 31, 2020, rather than the actual average exchange rates in effect for the three months ended March 31, 2021.



# Non-GAAP Measures

The following table reconciles the most directly comparable GAAP measure of Net Income (Loss) to Adjusted Net Income for the three months ended March 31, 2021 and 2020, respectively:

(in millions)

	<u>Q1 2021</u>	<u>Q1 2020</u>	<u>\$ Change</u>
<b>Net Income (Loss)</b>	<b>\$ 6</b>	<b>\$ (111)</b>	<b>\$ 117</b>
Changes in Fair Value of Embedded Derivative Liability Features	1	(53)	54
Trade Name Impairment	-	3	(3)
Increase in Accounts Receivable Reserves	-	3	(3)
Increase in Deferred Tax Valuation Allowances	-	167	(167)
<b>Adjusted Net Income</b>	<b>\$ 7</b>	<b>\$ 9</b>	<b>\$ (2)</b>



# Non-GAAP Measures

The following table reconciles the most directly comparable GAAP measure of Net Income (Loss) to Operational EBITDA and Adjusted Operational EBITDA for the three months ended March 31, 2021 and 2020, respectively:

(in millions)

	<u>Q1 2021</u>	<u>Q1 2020</u>	<u>\$ Change</u>
<b>Net Income (Loss)</b>	<b>\$ 6</b>	<b>\$ (111)</b>	<b>\$ 117</b>
All other	-	1	(1)
Depreciation and amortization	8	10	(2)
Restructuring costs and other	1	7	(6)
Stock based compensation	3	1	2
Consulting and other costs <sup>(1)</sup>	5	-	5
Idle costs <sup>(2)</sup>	1	-	1
Other operating income, net, excluding income from transition services agreement <sup>(3)</sup>	(1)	(6)	5
Interest expense	4	4	-
Pension income excluding service cost component	(25)	(26)	1
Other income, net	-	(53)	53
Provision for income taxes	1	165	(164)
<b>Operational EBITDA</b>	<b>\$ 3</b>	<b>\$ (8)</b>	<b>\$ 11</b>
Increase in accounts receivable reserves	-	3	(3)
<b>Operational EBITDA excluding increase in accounts receivable reserves ("Adjusted Operational EBITDA")</b>	<b>\$ 3</b>	<b>\$ (5)</b>	<b>\$ 8</b>

Refer to Page 12 of this presentation for footnote explanations.



# Non-GAAP Measures

## Footnote Explanations:

- (1) Consulting and other costs are primarily professional services and internal costs associated with certain corporate strategic initiatives and investigations.
- (2) Consists of third-party costs such as security, maintenance, and utilities required to maintain land and buildings in certain locations not used in any Kodak operations and the costs, net of any rental income received, of underutilized portions of certain properties.
- (3) \$0 million and \$2 million of income from the transition services agreement related to the sale of the Flexographic Packaging Business was recognized in the three months ended March 31, 2021 and 2020, respectively. The income was reported in Other operating income, net in the Consolidated Statement of Operations. Other operating income, net is typically excluded from the segment measure. However, the income from the transition services agreement was included in the segment measure.





# APPENDIX

# First Quarter 2021 Financial Summary by Reportable Segment

(\$ millions)

Q1 2021 Actuals	Traditional Printing	Digital Printing	Advanced Materials & Chemicals	Brand	Total
Revenue	\$ 148	\$ 64	\$ 46	\$ 3	\$ 261
Operational EBITDA <sup>(1)</sup>	\$ 5	\$ -	\$ (4)	\$ 2	\$ 3

  

Q1 2020 Actuals	Traditional Printing	Digital Printing	Advanced Materials & Chemicals	Brand	Total
Revenue	\$ 154	\$ 65	\$ 42	\$ 3	\$ 264
Operational EBITDA <sup>(1)</sup>	\$ 1	\$ (2)	\$ (9)	\$ 2	\$ (8)

  

Q1 2021 vs. Q1 2020 Actuals B/(W)	Traditional Printing	Digital Printing	Advanced Materials & Chemicals	Brand	Total
Revenue	\$ (6)	\$ (1)	\$ 4	\$ -	\$ (3)
Operational EBITDA	\$ 4	\$ 2	\$ 5	\$ -	\$ 11

  

Q1 2021 Actuals on constant currency <sup>(2)</sup> vs. Q1 2020 Actuals B/(W)	Traditional Printing	Digital Printing	Advanced Materials & Chemicals	Brand	Total
Revenue	\$ (13)	\$ (3)	\$ 4	\$ -	\$ (12)
Operational EBITDA	\$ 5	\$ 1	\$ 5	\$ -	\$ 11

<sup>(1)</sup> Operational EBITDA is equivalent to "Segment Operational EBITDA". Refer to page 9 of this presentation for the explanation of Segment Operational EBITDA.

<sup>(2)</sup> Refer to page 9 of this presentation for the explanation on the calculation of constant currency.

Eastman Business Park segment is not a reportable segment and is excluded from the table above.





Thank You

