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Xilam publishes 2020 revenues

Catalogue delivers strong performance

Cube Creative confirms synergies and high growth potential

Excellent momentum of deals signed and productions underway

Activity in line with expectations: guidance maintained for 2020/21

Xilam Animation (ISIN Code: FR0004034072, Symbol: XIL), an independent company that produces and distributes animated programs, has announced its revenues for fiscal year 2020, ending December 31, 2020.

| <i>(in thousands of euros)</i> | 12.31.2020 ⁽¹⁾ Consolidated | 12.31.2020 ⁽¹⁾ Constant perimeter (ex.Cube Creative) | 12.31.2019 |
|--|---|---|---------------|
| Revenues from new productions and developments | 10 515 | 8 893 | 15 523 |
| Subsidies for new productions and developments | 2 712 | 2 470 | 7 722 |
| Total revenues from new productions and developments | 13 227 | 11 363 | 23 245 |
| Catalogue revenues | 8 633 | 7 361 | 6 752 |
| Other revenues | 33 | 32 | 64 |
| Total revenues and subsidies | 21 894 | 18 755 | 30 061 |
| Other current operating income (including CIA) ⁽²⁾ | 2 722 | 2 447 | 3 410 |
| Total operating income | 24 616 | 21 203 | 33 471 |

⁽¹⁾ unaudited data

⁽²⁾ this amount includes an estimate of the Audiovisual Tax Credit (CIA)

Xilam Animation's business is in line with the company's expectations for fiscal year 2020 and allows to confirm its €78 million in cumulative revenue guidance for fiscal years 2020 and 2021. In a context marked by the global health crisis, Xilam has maintained a strong development and production slate while continuing its conquest of streaming platforms.

Revenues and other income totaled €21.9 million on a consolidated basis and €18.8 million excluding the contribution of Cube Creative (vs. €30.1 million at December 31, 2019). After taking into account most other current operating income, including the Audiovisual Tax Credit (CIA), Xilam's total consolidated revenues stood at €24.6 million and €21.2 million, excluding Cube Creative (vs. €33.5 million at December 31, 2019).

Xilam Animation

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Overall, international operations represented 63% of revenues. Revenues to streaming platforms contributed more than 46% to total revenues.

New productions revenues: despite excellent production dynamics (more than 250 half-hour segments in production), cut-off effects and delivery delays due to the pandemic did affect revenues, which were €10.5 million and €8.9 million excluding Cube Creative (vs. €15.5 million at December 31, 2019).

In line with the 2020/21 guidance, however, these delays will be more than offset during the first half of 2021.

During the second half of 2020, the principal deliveries involved three proprietary programs: *Lupin's Tales* and the first episodes of two new brands in the Oggy and the Cockroaches franchise: *Oggy Oggy and Oggy Next Gen*, both of which will be shown worldwide thanks to their Netflix Original branding. Two non-proprietary programs were also delivered: *Chip & Dale*, produced on behalf of Disney+ at Xilam and *Mush-Mush* at Cube.

Subsidies amounted to €2.7 million on a consolidated basis and €2.5 million excluding Cube Creative (vs. €7.7 million). This weak level is due to the relatively large share of non-proprietary programs in deliveries for the year. With the strong volume of proprietary material to be delivered in 2021, the company expects a robust bounce-back in subsidies.

Catalogue revenues: the ever-increasing demand for premium quality animated content supported growth in catalogue revenues, which were €8.6 million, €7.4 million excluding Cube Creative (vs. €6.8 million at December 31, 2019). Catalogue revenues also reaped the benefits of rights renewals for *Oggy* and *Zig and Sharko*, initially planned for 2019 and recognized in 2020, as well as from the excellent showing by Cube Creative's proprietary programs, notably *Chicky* and *Athleticus*, as well as the four seasons of their series *Kaeloo*.

The catalogue's performance is all the more significant because it coincides with a sharp decrease (-34%) in advertising revenues from AVOD platforms (particularly YouTube) due to the public health context and certain regulatory changes. However, this activity had already started to pick up in the second half of 2020 and should return to growth thanks to the diversification of Xilam's offer on other AVOD platforms, as this segment is rapidly expanding, particularly in the US market.

Cube Creative, a successful integration

Cube Creative, a CGI animation production company, continued its rise with significant production volumes, also marked by delivery delays. The strategic relevance of this acquisition is again confirmed, given the evident synergies in technological, editorial and commercial areas.

Cube Creative's proprietary productions are meeting with snowballing success: *De Gaulle à la plage* flattened Arte's audience records for its time slot, and *Chicky* has become Xilam's third most watched show on YouTube. This momentum around Cube Creative should accelerate in 2021/22 with the expected delivery of two long-format series (*Pfffirates* on TF1 and *Tangranimo* on France TV) and the development of several new programs.

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Having announced the completion of its acquisition of a 50,1% majority stake in Cube Creative in January 2020, Xilam has now increased its stake in the company to 67%.

Goals and prospects

Already a European leader in the field of animation when it comes to partnering with streaming platforms, Xilam will enjoy a new growth lever as the European SMA Directive is transposed into French law. From 2021 onwards, this legislation will require that streaming platforms finance original French creations amounting to 20% of revenues generated in France. Based on expectations that streaming platforms will generate approximately €3 billion nationally by 2025, nearly €600 million should flow into French productions annually. This regulatory change puts French independent producers, and particularly animation producers, in a very favorable position.

Xilam also continues to collaborate with major traditional broadcasters. Indeed, 2020 was noteworthy for the signature of several contracts with leading European channels, including Super RTL in Germany (*Trico* and *Oggy Oggy*), Discovery in Italy (the entire *Oggy* franchise), ITV in England (*Mr Magoo*), Gulli/M6 (*Zig and Sharko*, *Oggy and the Cockroaches*, *Oggy Next Gen*) and France Télévisions (*Oggy Oggy*).

The year 2020 also marked the opening of major platforms on the Chinese market to Xilam's programs. Especially worthy of mention is a co-production deal signed with Youku-Alibaba (*Lupin's Tales*).

The dynamics of new deals inked with both digital and traditional broadcasters as well as a concatenation of welcome news on all fronts combine to confirm the Group's stated objective of cumulative revenues amounting to €78 million for the financial years 2020-2021 and €110 million for the financial years 2022-2023. The first half revenues of 2021 are expected to be a record.

Marc du Pontavice, Chairman of Xilam, said: "Notwithstanding a global health situation and cut-off effects that weighed on deliveries for the year, Xilam's production momentum has never been stronger. This sustained growth is due, on the one hand, to the excellence of the programs our Group creates, eliciting strong confidence from the major broadcasters. And, on the other hand, it also derives from the variety of programs offered in terms of genre, technique and target market. In 2021, we are heading into a year that will set all kinds of records for the group. This is how Xilam continues to grow alongside the company's talents, both old and new, all of whom are tremendously loyal."

About Xilam

A major player in animation, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes in more than 190 countries for both children and adult audiences. Xilam content is broadcast on television, and is also available on SVoD platforms including Netflix, Disney+, Amazon and NBC Universal, and ADVoD streaming platforms including YouTube and Facebook.

With its creativity and capacity for innovation recognised worldwide, and editorial and commercial expertise at the cutting edge of its industry, Xilam is positioned as a key player in a fast-growing market. Each year, Xilam builds real successes and capitalises on its powerful historical brands including *Oggy and the Cockroaches* and *Zig & Sharko*, as well as new properties such as *Oggy Oggy* for a preschool audience, *Moka*, *Mr. Magoo*, and Academy Award®

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nominated adult feature film *I Lost My Body*. Xilam's expanding and strong catalogue now consists of over 2,200 episodes and three feature films.

In 2019, Xilam acquired Cube Creative, a studio providing the company with unique expertise in 3D and computer generated images. Xilam employs more than 500 individuals, including 400 artists, across its studios in Paris, Lyon, Angoulême and Ho Chi Minh in Vietnam.

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