



Press release

Paris, 30 March 2023

2022 Full-Year Results

16% increase in operating revenues

76% growth in catalogue sales, at €11M

Current operating income (before catalogue write-down): €9.1M

Successful strategy to generate free cash flow: + €6.5M

Dynamic growth trajectory and stronger assets

Xilam Animation, the independent animation programme production and distribution company, announces its financial results for the fiscal year ending 31 December 2022, reviewed by the Board of Directors meeting on 28 March 2023, under the chairmanship of Marc du Pontavice.

<i>(in thousands of euros)</i>	31.12.2022 ⁽¹⁾ Consolidated excl. catalogue write-down	31.12.2022 ⁽¹⁾ Consolidated	31.12.2021 Consolidated
Sales of new production and developments	25,014	25,014	20,365
New-production grants ⁽²⁾	5,462	5,462	8,670
Total new production and development income	30,476	30,476	29,035
Total catalogue sales	11,277	11,277	6,422
Other revenue	260	260	136
Total revenues and other income	42,013	42,013	35,593
Other grants and current operating income ⁽³⁾	3,348	4,706	4,646
Total operating revenues	45,451	46,719	40,240
Operating expenses	(16 063)	(16 063)	(6 239)
Depreciation and write-down	(20 285)	(28 190)	(25 330)
Current operating income	9,102	2,466	8,671
% of revenue	21.7%	5.9%	24.4%
Operating income	8,857	2,221	8,698
% of revenue	21.1%	5.3%	24.4%
Group consolidated net income	6,319	1,342	6,840
% of revenue	15.0%	3.2%	19.2%

⁽¹⁾ Unaudited data

⁽²⁾ Excluding the Audiovisual Tax Credit (ATC)

⁽³⁾ Including the Audiovisual Tax Credit (ATC)



Marc du Pontavice, Chairman and CEO of Xilam: *"In 2022, Xilam successfully pursued its strategic developments with the launch of several non-proprietary productions and young adult programmes that open up new avenues for growth. There was a significant increase in revenue (excluding grants), which rose 35%, with catalogue sales reaching a new high of more than €11M, driven by our three main franchises. However, while this performance led to an increase in the overall value of the catalogue, we also, paradoxically, recorded a write-down for some titles, which technically impacted our operating profitability, albeit temporarily. This did not affect our liquid assets, which improved by €3M thanks to our ability to generate free cash flow, again demonstrating the strength of our business model. Xilam continues to grow and strengthen its position from year to year, reaching key milestones and gaining increasing recognition from the entire distribution market. Xilam has high-calibre talent and continues to lead the way in animation production while maintaining profitable growth and very buoyant momentum."*

Strong growth in sales of new productions and catalogue titles (+35%), at €36.3M

Total revenues, details of which were published on 16 February, stood at €46.7M, an increase of 16%, which is a new record for the group and reflects its ability to adapt its offering to a changing market while seizing growth opportunities.

This improvement was a direct result of the sharp increase in sales of new production and catalogue titles, which reached €36.3M, an increase of 35%:

- Sales of new production and developments grew by 23% to €25.0M, with outstanding performance in Work for Hire, at €13.0M, and proprietary productions, at €12.0M.
- There was very significant growth in catalogue sales, which surged 76% to €11.3M, a new record.

Xilam cemented its leading position with 13 series in production, nine of which were launched in 2022 alone.

In 2022, annual production expenditure grew by 16%, at €36.3M. This was largely due to growth in value, reflecting Xilam's ability to attract the market's largest budgets from major clients. Among the 13 series in production, nine were launched in 2022, cementing Xilam's position as a leader in the European market. This performance embodies the group's exceptional artistic and technical versatility, which empowers it to tackle all genres and address an extremely wide range of target audiences. It also leads to the coming increase in revenues to be recorded in the accounts upon delivery of the programmes associated with these expenses.

The ramp-up of Cube Creative, acquired in 2020, has been slower than expected, and a new management team is now in place to bring Cube in line with the group's growth trajectory and profitability.

Current operating margin (before catalogue write-down): 21.7%

Current operating income, before the catalogue write-down, stood at €9.1M, an operating margin of 21.7%. Excluding Cube Creative, the margin was even higher, at 26.1%.

This confirms the solidity of Xilam's business model, which is underpinned by three pillars: proprietary production, catalogue sales and Work for Hire.



Impact of the catalogue write-down: €6.6M

The growth in catalogue sales mainly stemmed from the group's three flagship franchises (*Oggy and the Cockroaches*, *Zig & Sharko* and *Chicky*), which represented 72% of sales. In contrast, some other catalogue titles did not perform as well, particularly those series not commissioned for a second season.

In accordance with accounting standards, titles that are gaining in strength cannot be revalued, while those with less visibility must be written down. As announced during the publication of the 2022 full-year revenues on 16 February, Xilam recorded a gross write-down in the value of its catalogue of an exceptional amount of €7.9M, partially offset by the recognition of the corresponding audiovisual tax credit for €1.3 million.

This adjustment for accounting purposes has no impact on the group's cash position; nor does it call into question the economic value of the catalogue, as witnessed by the record level of sales in 2022.

The group estimates that potential future revenues from catalogue titles remains largely superior to their book value, such that the catalogue will continue to make a very significant contribution to group earnings.

Operating income and net income

After allowing for the catalogue write-down, operating income stood at €2.2M, compared with €8.7M in 2021. Excluding write-down, this would amount to 8,9M€.

Net income totalled €1.3M, after deduction of interest expenses and taxes. Excluding the catalogue write-down, net income totalled €6.3M.

Financial position: positive free cash flow and net structural debt reduced by 58%

As of 31 December 2022, net financial debt (excluding rental debts) stood at €15.9M (compared with €18.6M as of 31 December 2021), a reduction of €2.7M.

This improvement stems from:

- Positive free cash flow of €6.5M, thanks to the ramp-up in Work for Hire and record catalogue sales.
- The stability of self-liquidating financial debt (such as factoring), at €13.4M.
- The stability of non-self-liquidating financial debt, at €15.7M.

As a result, the net cash position improved by €3.3M to €13.3M, while net structural (non-self-liquidating) debt was reduced by 58% to €2.5M.

As of 31 December 2022, shareholders' equity amounted to €69.5M (compared to €67.6M at the end of 2021).

Corporate Social Responsibility

In November 2022, Xilam took an important step forward by appointing a Chief Impact Officer to give a strong impetus to the group's responsible transformation.

Since the creation of this new position, the time for action has come and Xilam is multiplying initiatives to meet the many challenges of the ecological transition with results that are already tangible and sustainable. A carbon assessment to measure the environmental impact of the Group's activities and to define a trajectory for reducing its greenhouse gases is currently being finalised. An overhaul of infrastructures and IT tools for an in-depth GREEN evolution has already been approved with the first concrete effects expected for the second half of 2023. A transformation of digital production practices and processes to reduce and then limit the volume of data storage is also planned for this year.



In this search for ecological and societal transition, Xilam is resolutely moving towards a responsible transformation of its activities. With a view to communicating, supporting, and intensifying this approach among all the Group's employees, Xilam has created a contributory blog on the challenges of sustainable development which it will launch next month.

In addition, Xilam has also stepped up its ongoing commitment to youth employment and training, and took on 14 apprentices in 2022 to help them gain a foothold in the job market and bring fresh impetus to the sector.

In 2022, Xilam was given a rating of 4 stars (out of 5) by Humpact, an improvement of 0.5 points compared with 2021. The group also achieved a score of 63/100 from Gaïa in 2022.

Strong objectives and perspectives

Building on its solid order book, Xilam expects its annual production expenditures (proprietary and non-proprietary) to reach between €42M and €45M in 2023, a level designed to strengthen the company's growth trajectory. Xilam will also ramp up the sale of merchandising based on the *Oggy Oggy* pre-school series in 2023, following a promising launch for the 2022 festive season.

In an environment buoyed by significant investments in digital platforms, Xilam plans to continue its cycle of profitable growth and double revenues to around €80M by 2026, in line with the Ambition 2026 plan.¹

Agenda

Combined Annual General Shareholders' Meeting: 8 June 2023

Publication of H1-2023 revenues: 20 July 2023 (after market closing)

Publication of H1-2023 results: 28 September 2023 (after market closing)

About Xilam

As a major player in the animation industry, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes in more than 190 countries for children and adults, broadcast on television and on SVoD (Netflix, Disney+, Amazon, etc.) and AVoD (YouTube, Facebook, etc.) platforms. With a global reputation for creativity and its capacity for innovation, an editorial and commercial expertise at the forefront of its industry, Xilam is positioned as a key player in a fast-growing market. Each year, Xilam, builds on its real successes and capitalises on powerful historical brands (*Oggy and the Cockroaches*, *Zig & Sharko*, *Chicky*, etc.) and new brands (*Oggy Oggy* in the pre-school sector, *Mr. Magoo*, *Karate Sheep*, etc.) which are consolidating and expanding a significant catalogue of more than 2,700 episodes and 3 feature films including the Oscar-nominated *I Lost My Body*. Xilam has unique GCI skills. Xilam employs more than 600 people, including 400 artists, across its studios in Paris, Lyon, Angoulême and Hô-Chi-Minh in Vietnam.

Xilam is listed on Euronext Paris Compartment B - PEA - SRD long Eligibility.

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¹ Total operating revenues



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