



## Press Release

Paris, 12 December 2023

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# Xilam Animation announces the launch of a capital increase with shareholders' preferential subscription rights

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- Target amount approximately €3.68M
- Subscription Price per New Share: 3.75 euros
- Subscription ratio: 1 new share for 5 existing shares
- Theoretical value of the Preferential Subscription Right: 0.01 euros
- Subscription period: from 21 December 2023 to 9 January 2024 inclusive

**Xilam Animation**, Academy Award®-nominated French animation studio, announces the launch of a cash capital increase of €3,683,621.25 million, with shareholders' preferential subscription rights, by issuing 982,299 New Shares at a unit price of €3.75 without any discount or premium on the closing price on 12 December 2023 (€3.75) and a discount of 12.83% to the volume-weighted average of the 20 trading sessions prior to the setting of the issue price (€4.302) by the CEO, with a subscription ratio of 1 New Share for 5 Existing Shares (the "**Capital Increase**").

After redeeming a EuroPP of €15M in July 2023, the Company's debt is now mainly self-liquidating and therefore secured by production in progress. The money raised through this capital increase will enable the Company to optimise its financial structure by adjusting its balance sheet and thereby improving its debt ratio in a context of rising debt costs and tighter lending conditions.

For information, Marc du Pontavice, a direct and indirect shareholder through MDP Audiovisuel (421 603 473 RCS Créteil) and Xilam Group (539 985 788 RCS Créteil) (Marc du Pontavice, MDP Audiovisuel and Xilam Group, together, the "**Concert**"), expressed its intention to guarantee the Capital Increase up to 75% of its planned amount, in the event that the Company's other shareholders do not subscribe for the Capital Increase. Subscriptions to this capital increase will be allocated among the members of the Concert in proportion to their holding in Xilam's share capital.

After completing the capital increase, the Concert, which currently holds between 30% to 50% of the Company's share capital, may increase its holding in share capital by at least 1% of the Company's total share capital in less than twelve consecutive months, which entails filing a draft mandatory takeover bid in accordance with Article 234-5 of the AMF General Regulation.

In addition, following the capital increase, MDP Audiovisuel, whose individual holding of theoretical voting rights currently stands between 30% to 50% of the Company's total voting rights, could increase its holding of theoretical voting rights by at least 1% of the total number of the Company's theoretical voting rights in less than twelve consecutive months and exceed the threshold of 30% of the Company's share capital, thus triggering the obligation to file a mandatory takeover bid in accordance with Articles 234-2 and 234-5 of the *Autorité des marchés financiers* ("**AMF**") General Regulation.

In a decision dated 12 December 2023, the AMF, granted the Concert a waiver from the obligation to file a draft mandatory takeover bid due to the thresholds crossed as a result of its subscription for the



capital increase, pursuant to the provisions of Articles 234-5, 234-9, 6° and 234-10 of the AMF's General Regulation (Decision No. 223C2030).

The capital increase can only proceed, if no appeal against the waiver granted by AMF is filed within the statutory deadlines.

The Company is not aware of the intentions of its other shareholders.

## **TERMS AND CONDITIONS FOR THE NEW SHARE ISSUE**

### **Registered share capital before the transaction**

Before the share issue, Xilam's share capital comprised 4,911,500 shares, fully subscribed and paid-up, each with a nominal value of €10 cents.

### **Share and Preferential subscription rights codes**

Name: Xilam

ISIN Code for the shares: FR0004034072

Symbol: XIL

ISIN Code for the Rights: FR001400MDR2

Place of listing: Euronext Paris

Sector (LEI) Code: 969500LYUDIOTB1DEZ38

### **Nature of the operation**

The capital increase proposed by Xilam will involve issuing New Shares which will retain the preferential subscription rights (the "Rights").

The operation will involve issuing 982,299 New Shares at a unit price of €3.75 based on 1 New Share for every 5 existing shares held (5 Right will entitle the holder to subscribe for 1 New Share), i.e., gross proceeds from the issue of €3,683,621.25 million.

### **Extension option**

Not applicable

### **Legal framework of the offer**

On 12 December 2023, pursuant to the delegation of powers granted to him by the Board of Directors on 4 December 2023, acting in accordance with the fifteenth resolution of the Combined General Meeting of Shareholders of 23 June 2022, the Chief Executive Officer of the Company decided to implement the delegation of powers granted to him, subject to the condition precedent that no appeal against the exemption obtained from the AMF is filed within the statutory deadline, and set the terms and conditions of the capital increase by issuing new ordinary shares with preferential subscription rights, in accordance with the terms and conditions set out below.



### **Subscription price**

The subscription price has been set at €3.75 per New Share, i.e. a nominal value of €0.10 and a share premium of €3.65, without any discount or premium on the closing price on 12 December 2023 (€3.75).

### **Subscription period**

From 21 December 2023 to 9 January 2024 inclusive, on the Euronext market, segment B, in Paris.

### **Rights listing period**

From 19/12/2023 to 05/01/2024 inclusive

### **Subscription on an irreducible basis**

Subscription of New Shares is reserved by preference for holders of existing shares registered in the securities accounts at the end of the day prior to the start of the subscription period and for transferees of Rights.

Holders of Rights will be able to subscribe on an irreducible basis, at the rate of 1 New Share for every 5 existing shares held, i.e. 5 Rights, which will enable them to subscribe for 1 New Share; this does not include fractions.

The Rights can only be exercised up to the number required to subscribe for a whole number of New Shares. Shareholders or transferees of Rights who do not hold enough existing shares or Rights to obtain a whole number of New Shares under the irrevocable subscription basis, must take responsibility for buying or selling the necessary number of Rights to achieve the multiple equal to a whole number of New Shares.

For information purposes, it is specified that as of 12 December 2023, the Company holds 112,121 of its own shares.

### **Subscription on a reducible basis**

Shareholders will have a preferential right to subscribe for the New Shares on a reducible basis, which will be exercised in proportion to their rights and up to the limit of their requests.

At the same time as filing their irreducible subscriptions, shareholders or Rights transferees may subscribe for their desired number of New Shares on a reducible basis, in addition to the number of New Shares resulting from exercising their Rights on an irreducible basis.

Any New Shares not absorbed by the Rights on an irreducible basis shall be distributed and allocated to subscribers on a reducible basis. Orders for subscriptions on a reducible basis will be accepted up to the amount of their request and in proportion to the number of existing shares whose rights have been used to support their subscription. However, no fraction of New Shares may be allocated on this basis.

In the event that the same subscriber submits several separate subscriptions, the number of New Shares to which they are entitled on a reducible basis will only be calculated on all their Rights if they expressly make a special request to this effect in writing, no later than the end of the subscription period. This request must be sent with one of the subscriptions and give all the necessary information to consolidate



the rights, by specifying the number of subscriptions submitted as well as the authorised brokers with whom such subscriptions have been filed.

Subscriptions from separate subscribers may not be consolidated to obtain New Shares on a reducible basis.

A notice published in a legal gazette in the location of the company's registered office and by Euronext will, if applicable, publish the distribution table for subscriptions on a reducible basis.

### **Exercising of the preferential subscription rights ("Rights")**

To exercise their Rights, holders must file their request to their authorised financial broker at any time during the subscription period, i.e. between 21 December 2023 and 9 January 2024 inclusive and pay the corresponding subscription price.

Each subscription must be accompanied by the cash payment of the subscription price. Subscriptions which have not been fully paid up shall be automatically cancelled, without the need to send formal notice.

The Rights must be exercised by its beneficiaries before the end of the subscription period, otherwise it will lapse.

Rights will be tradeable from 19 December 2023 to 5 January 2024 inclusive, under the same conditions as the existing shares.

Transferors of Rights shall relinquish them in favour of the transferee who shall be purely and simply substituted in all the rights and obligations of the holders of the existing shares for exercising the Rights.

Rights not exercised by the end of the subscription period will automatically lapse.

### **Listing of preferential subscription rights**

At the close of trading preceding the opening date of the subscription period, Xilam shareholders will receive 1 Right for each share held (i.e. a total of 4,911,500 Rights issued). Any shareholder holding 5 Rights (or multiples thereof) may subscribe for 1 New Share (and multiples thereof) at a unit price of €3.75.

The Rights will be listed and traded on Euronext market, Compartment B, under ISIN code FR001400MDR2 from 19 December 2023 to 5 January 2024 inclusive. If these rights are not subscribed for or transferred at the end of the subscription period, they shall lapse and their value shall be nil.

### **Theoretical value of the preferential subscription rights**

0.01 per Right (based on the closing price of Xilam shares on 12 December 2023, i.e. 3.75 euros). The theoretical value of the ex-right share is therefore 3.74 euros. The subscription price of 3.75 euros per share represents a face value premium of 0.27% to the theoretical value of the ex-right share.

### **Preferential subscription rights detached from treasury stock held by the Company.**

Under Article L. 225-206 of the French Commercial Code, Xilam cannot subscribe for its own shares. Rights detached from treasury stock held by the Company on 19 December 2023 will be sold on the market before the end of their trading period in accordance with Article L. 225-210 of the French Commercial Code.



### **Limiting the amount of the capital increase**

In the event that either the subscriptions on an irreducible or reducible basis do not absorb the entire issue, the Board of Directors may limit the amount of the issue to the subscriptions received, in accordance with Article L.225-134 of the French Commercial Code, provided that this reaches at least 75% of the amount set for the issue.

### **Custodian companies - Subscription payments**

Subscriptions for New Shares and subscribers' payment transfers, including for securities, which are registered in the administered nominative or bearer form, will be received up to and including the end of the subscription period by their authorised broker acting in their name and on their behalf.

Subscribers' subscriptions and payments for which shares are registered in the purely nominative form, will be collected without charge by Uptevia.

New Shares must be fully paid up at the time of subscription, by a cash payment for the entire nominative value and the issue premium, it being specified that the issue premium shall be recorded as a liability on the balance sheet in a special 'Issue Premium' account, which concerns the rights of existing and new shareholders.

Uptevia will pool the money paid in for the subscriptions and draw up the deposit certificate that records the completion of the capital increase.

Any subscriptions made without payment will be automatically cancelled, without the need to send formal notice to perform.

### **Investment restrictions**

In some countries, selling New Shares and preferential subscription rights may be subject to specific regulations.

### **Guarantee**

The offer will not be subject to a performance guarantee within the meaning of Article L. 225-145 of the French Commercial Code. Trading in the shares will only begin once settlement and delivery have been completed and the custodian's deposit certificate has been issued.

### **Subscription commitments**

Marc du Pontavice, who holds directly and through MDP Audiovisuel (421 603 473 RCS Créteil) and Xilam Group (539 985 788 RCS Créteil) the majority of Xilam Animation's voting rights, has expressed his intention to guarantee 75% of the Capital Increase, in the event that the Company's other shareholders do not participate in this operation. Subscriptions to this capital increase will be allocated among the members of the Concert in proportion to their shareholding in Xilam Animation.

The Company is not aware of the intentions of its other shareholders.

### **Settlement and delivery of the New Shares**

According to the indicative timetable for the issue, the settlement date for the New Shares is set for 15 January 2024.



## CHARACTERISTICS OF THE NEW SHARES

**Dividend rights:** The new shares, which will be subject to all the provisions of the Articles of Association, will carry dividend rights from the date of issue and will be treated in the same way as the Company's existing shares. According to the indicative timetable for the capital increase, the new shares are expected to be registered in the securities accounts on 15 January 2024.

**Currency of the new share issue:** The new shares will be issued in euros.

**Listing of the new shares:** A request will be made for the new shares to be admitted to trading on Euronext Compartment B in Paris on 15 January 2024. The listing may nevertheless only occur after the custodian has issued the deposit certificate. They will be immediately treated like the Company's existing shares already traded on the Euronext Compartment B market in Paris and can be traded as from that date, on the same listing line as these shares under the same ISIN code FR0004034072 - symbol: XIL.

## USE OF PROCEEDS FROM THE ISSUE

Following the repayment of a €15m EuroPP in July 2023, the Company's debt is currently mainly self-liquidating and therefore backed by ongoing production. The funds raised through this capital increase are intended to enable the Company to optimise its financial structure by rebalancing its balance sheet, thereby improving its debt-to-equity ratio against a backdrop of rising debt costs and tighter lending conditions. The funds will be used mainly to finance the production of original programmes under a proprietary business model.

## DILUTION

### Impact of the issue on consolidated equity per share

Share of equity per share (in euros)	
	Non-diluted* basis
Before issuing the new shares from this capital increase	14.48
After issuing 982,299 new shares from this capital increase	12.80
After issuing 736,725 new shares from this capital increase should the offer being reduced to 75%.	13.17

\*: based on a consolidated equity of €71.13m at 30/06/2023



## Impact of the issue on the shareholder's situation

Shareholder interest (%)	
	Non-diluted basis
Before issuing the new shares from this capital increase	1.00%
After issuing 982,299 new shares from this capital increase	0.83%
After issuing 736,725 new shares from this capital increase, should the offer be reduced to 75%.	0.87%

There are no financial instruments giving future access to the Company's capital.

## SHAREHOLDER STRUCTURE BEFORE AND AFTER THE TRANSACTION

### Xilam Animation shareholding structure at 12 December 2023

Shareholders	Number of shares	%	Number of theoretical voting rights	%	Number of exercisable voting rights <sup>(1)</sup>	%
MDP Audiovisuel	1,319,092	26.86%	2,608,684	38.31%	2,608,684	38.95%
Xilam Group	498,745	10.15%	997,490	14.65%	997,490	14.90%
Marc du Pontavice	1	0.00%	2	0.00%	2	0.00%
<b>Total of Concert</b>	<b>1,817,838</b>	<b>37.01%</b>	<b>3,606,176</b>	<b>52.96%</b>	<b>3,606,176</b>	<b>53.85%</b>
Treasury shares	112,121	2.28%	112,121	1.65%	-	0.00%
Other registered	126,125	2.57%	235,192	3.45%	235,192	3.51%
Free float	2,855,416	58.14%	2,889,085	41.94%	2,889,085	42.64%
<b>Total</b>	<b>4,911,500</b>	<b>100.00%</b>	<b>6,808,905</b>	<b>100%</b>	<b>6,730,453</b>	<b>100.00%</b>

(1) In accordance with AMF Position-Recommendation 2021-02, the total number of voting rights that may be exercised at General Meetings is calculated on the basis of all shares to which voting rights may be exercised and does not include shares to which voting rights have been suspended.



Assuming that the Concert alone subscribes to 75% of the Capital Increase

Shareholders	Number of shares	%	Number of theoretical voting rights	%	Number of exercisable voting rights <sup>(1)</sup>	%
MDP Audiovisuel	1,853,688	32.82%	3,143,280	41.66%	3,143,280	42.29%
Xilam Group	700,874	12.41%	1,199,619	15.90%	1,199,619	16.14%
Marc du Pontavice	1	0.00%	2	0.00%	2	0.00%
<b>Total of Concert</b>	<b>2,554,563</b>	<b>45.23%</b>	<b>4,342,901</b>	<b>57.56%</b>	<b>4,342,901</b>	<b>58.42%</b>
Treasury shares	112,121	1.99%	112,121	1.49%	-	0.00%
Other registered	126,125	2.23%	235,192	3.12%	235,192	3.16%
Free float	2 855 416	50.55%	2 855 416	37.84%	2 855 416	38.41%
<b>Total</b>	<b>5,648,225</b>	<b>100.00%</b>	<b>7,545,631</b>	<b>100%</b>	<b>7,433,510</b>	<b>100.00%</b>

(1) In accordance with AMF Position-Recommendation 2021-02, the total number of voting rights that may be exercised at General Meetings is calculated on the basis of all shares to which voting rights may be exercised and does not include shares to which voting rights have been suspended.

Assuming a 100% subscription to the Capital Increase by all shareholders in proportion to their holdings

Shareholders	Number of shares	%	Number of theoretical voting rights	%	Number of exercisable voting rights <sup>(1)</sup>	%
MDP Audiovisuel	1.582.910	26.86%	2.872.502	36.87%	2.872.502	37.41%
Xilam Group	598.493	10.15%	1.097.238	14.08%	1.097.238	14.29%
Marc du Pontavice	1	0.00%	2	0.00%	2	0.00%
<b>Total du Concert</b>	<b>2.181.404</b>	<b>37.01%</b>	<b>3.969.742</b>	<b>50.95%</b>	<b>3.969.742</b>	<b>51.70%</b>
Treasury shares	112,121	1.90%	112,121	1.44%	-	0.00%
Other registered	151.350	2.57%	260.417	3.34%	260.417	3.39%
Free float	3 448 924	58.52%	3 448 924	44.27%	3 482,924	44.91%
<b>Total</b>	<b>5.893.799</b>	<b>100.00%</b>	<b>7.679,093</b>	<b>100.00%</b>	<b>7.791,204</b>	<b>100%</b>

(1) In accordance with AMF Position-Recommendation 2021-02, the total number of voting rights that may be exercised at General Meetings is calculated on the basis of all shares to which voting rights may be exercised and does not include shares to which voting rights have been suspended.

This press release and the information it contains do not constitute a solicitation of an order to buy or subscribe for securities in countries other than France.



## SUBSCRIPTION TERMS FOR SHAREHOLDERS

You have preferential subscription rights (“Rights”) attached to your Xilam shares, which give you priority in subscribing for new shares by applying the ratio of 1 new share for 5 Rights (one existing share gives entitlement to 1 Right).

- If you hold an enough existing shares to be able to subscribe for a whole number of new shares using your Rights (e.g., if you have 5 Xilam shares, you have priority to subscribe for 1 new share).
- If you do not hold enough existing shares to obtain a whole number of new shares, you may then buy or sell the necessary number of Rights to obtain the correct ratio enabling you to acquire a whole number of new shares (1 new share for 5 Rights).

Each subscription must be accompanied by the cash payment of the subscription price.

## INDICATIVE TIMETABLE FOR THE OPERATION

<b>4 December 2023</b>	Board of Directors Meeting which agreed on the principle of launching a capital increase retaining preferential subscription rights and which sub-delegated the authority to implement this operation to the Chief Executive Officer.
<b>12 December 2023</b>	Decision of the AMF granting a waiver from the obligation to file a Takeover Bid since this operation will result in the Concert crossing the threshold.
<b>12 December 2023</b> <b>After the end of trading</b>	The Chief Executive Officer takes the decision on the launch the operation and its definitive terms and conditions. Dissemination of Xilam’s press release describing the main features of the capital increase.
<b>15 December 2023</b>	Euronext publishes the notice of issuance
<b>15 December 2023</b>	BALO publishes the notice to shareholders
<b>19 December 2023</b>	Rights detached (before the start of trading) Rights admitted and trading begins
<b>21 December 2023</b>	<b>Start of the subscription period</b> Start of the Rights exercise period
<b>5 January 2024</b>	Trading on the Rights ends
<b>9 January 2024</b>	<b>End of the subscription period</b>
<b>11 January 2024</b>	Xilam releases the press release on the results of the subscriptions Euronext Paris issues the notice of admitting the New Shares, specifying the final amount of the Capital Increase and the distribution table for the reducible subscriptions.
<b>15 January 2024</b>	New shares issued Settlement and delivery of the operation The New Shares are admitted to trading



## **WARNING**

Under the provisions of Article 1 paragraph 5 of the Prospectus Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, this issue will not give rise to a Prospectus subject to the approval of the Autorité des Marchés Financiers, as the issue represents less than 20% of the number of shares of the same class already admitted to trading on the regulated market.

A notice to shareholders relating to this operation will be published on 15 December 2023 in the Bulletin des Annonces Légales et Obligatoires (BALO).

## **Risk factors**

The main risk factors relating to the issue are set out below:

- the market for preferential subscription rights may offer only limited liquidity and be subject to high volatility,
- shareholders who do not exercise their preferential rights will see their interest in the Company's capital diluted,
- the market price of the Company's shares may fluctuate and fall below the subscription price of the shares issued on exercising the preferential subscription rights,
- the volatility and liquidity of the Company's shares may fluctuate significantly,
- If the market price of the Company's shares falls, the preferential subscription rights may lose their value.
- In the event of an appeal against the decision by the AMF to waive the requirement to file a public offer, the transaction would lapse.

Before making an investment decision, investors are invited to consider the risks described in Section 2.9 "Risks to which the Group is exposed" of the 2022 Annual Financial Report.

It should also be noted that, in a press release dated 26 October 2023 ([XILAM -Group Prospects Update](#)) the Company updated its outlook by anticipating a decline in its 2024 sales and suspending its €80m sales target for 2026.

## **OPERATION PARTNER**



Advisor for the operation



## 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) and AVoD (YouTube, Facebook) platforms. With a global reputation for creativity and innovation, coupled with cutting-edge editorial and commercial expertise, the company has cemented its position as a key player in a fast-growing market. Every year, Xilam builds on soaring successes and capitalises on flagship franchises (Oggy and the Cockroaches, Zig & Sharko, Chicky) as well as new brands (Oggy Oggy, Mr. Magoo, Karate Sheep), which are strengthening and expanding a substantial catalogue of more than 2,800 episodes and three feature films, including the Oscar-nominated I Lost My Body. Xilam has unique CGI skills and employs more than 600 people, including 400 artists, across its studios in Paris, Lyon and Angoulême in France and Ho Chi Minh City in Vietnam. Xilam was ranked France's leading animation studio for the 2018-2022 period in a report by the French national centre for cinema and animation (CNC).

For more information, visit <https://xilam.com/>



Name: Xilam  
ISIN Code: FR0004034072  
Symbol: XIL  
Number of ordinary shares comprising the share capital:  
4,911,500 Shares



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## Warning

*Pursuant to the provisions of Article 1 paragraph 5 of the Prospectus Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "Prospectus Regulation"), this issue will not give rise to a prospectus subject to the approval of the Autorité des Marchés Financiers, the latter representing less than 20% of the number of shares of the same class of Xilam, already admitted to trading on the regulated market. No communication or information relating to this operation or to Xilam may be disseminated to the public in any country in which it is necessary to comply with any registration or approval requirement. No steps have been taken (or will be taken) in any country where such steps would be required. The purchase of Xilam shares may be subject to specific legal or regulatory restrictions in certain countries. Xilam assumes no liability for any violation of these restrictions by any person.*

*This press release does not therefore constitute a prospectus within the meaning of the Prospectus Regulation. With regard to the Member States of the European Economic Area other than France (the "Member States"), no action has been taken or will be taken to permit a public offering of securities requiring the publication of a prospectus in any of these Member States. Consequently, the securities may not be offered and will not be offered in any Member State (other than France), except in accordance with the exemptions provided for in Article 1(4) of the Prospectus Regulation, or in other cases not requiring Xilam to publish a prospectus under the Prospectus Regulation and/or the regulations applicable in those Member States. This press release does not constitute a public offering of securities in the United Kingdom. This press release does not constitute an offer of securities or a solicitation to purchase or subscribe for securities in the United States or any other country (other than France). Securities may not be offered, subscribed for or sold in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or pursuant to an exemption from such registration. Xilam's shares have not been and will not be registered under the U.S. Securities Act and Xilam does not intend to make any public offering of its marketable securities in the United States.*