



Press release

Paris, September 29, 2021

H1 2021 results XILAM REACHES IMPORTANT MILESTONES

Very strong growth in operating income: +204%

Revenues from new productions and developments up significantly: +89%.

Revenue generated by digital platforms: >50% of sales

Rise of innovative technologies: >50% of deliveries are computer-generated images

Xilam Animation (ISIN Code: FR0004034072, Symbol: XIL), an independent animation production and distribution company, is pleased to present its financial results for the first half of fiscal year 2021, as approved by the Board of Directors on September 28, 2021 under the chairmanship of Marc du Pontavice.

Marc du Pontavice, Chairman and CEO of Xilam, commented: *“We are particularly satisfied with this first half of 2021, which reflects efforts by the Group and its teams over the past 4 years to strengthen innovation in all departments. This year demonstrates both the strength of the Group's business model, capable of delivering high levels of profitability, and its ability to adapt to a rapidly changing market that offers extraordinary growth prospects.”*

(In thousands of euros)	06.30.2021 ⁽¹⁾ Consolidated	06.30.2020 Consolidated	Variation
Sales of new productions	7,894	5,245	50.5%
Other income and grants ⁽²⁾	3,064	546	461.2%
Total revenues from new productions and development	10,957	5,791	89.2%
Total catalogue revenues ⁽²⁾	2,486	3,993	-37.7%
Other revenues	25	18	38.9%
Total revenues and subsidies ⁽²⁾	13,468	9,802	37.4%
Other grants and current operating income ⁽³⁾	1,201	765	57.0%
Total operating revenues ⁽⁴⁾	14,669	10,567	38.8%
Operating expenses	(10,636)	(9,056)	17.4%
Current operating income	4,032	1,511	166.8%
% of revenues	29.9%	15.4%	94.2%
Operating income	4,060	1 337	203.7%
% of revenues	30.1%	13.6%	121.3%
Net income of the consolidated group	3,144	734	328.3%
% of revenues	23.3%	7.5%	210.7%

⁽¹⁾ The auditors' limited review of the interim financial reporting has been completed, and the interim financial report will be available on Xilam's website by 30 September 2021 at the latest

⁽²⁾ Excluding audiovisual tax credit (ATC)

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⁽⁴⁾ Variation compared to the publication of July 22, 2021 is explained in particular by the adjustment of development grants and by updates to calculation of the ATC.



Strong sales growth supported by new productions

Total revenues and subsidies for the Group stood at €13.5 million at June 30, 2021 (+37% vs H1 2020), up significantly thanks to record revenues from new productions, which increased +89% in the first half, generated by deliveries on *Tales of Lupin*, *Oggy Oggy* and *Oggy and the Cockroaches Next Gen* and more.

Catalogue sales for the half-year stood at €2.5 million, a decline due to seasonal effects. This aside, the Group expects a very strong increase in its catalogue revenues, which should cross a threshold from 2022.

Exceptional growth in operating income

Xilam's operating income stood at €4.1 million (vs. €1.3m at June 30, 2020), up 204%.

Operating margin came in at 30.1% of sales, as at June 30, 2021 (vs. 13.6% at June 30, 2020), in a context of strong growth, driven primarily by new productions. This striking improvement can be attributed to three factors:

- Sales in the first half of the year were mainly generated by new, proprietary content with traditionally higher margins.
- The vast majority of these new productions are pre-sold to global SVOD platforms.
- Fixed costs were held tightly under control.

Xilam's net income for the first half of 2021 increased fourfold to €3.1 million, vs. €0.7 million for the first half of 2020.

Record levels of investment in production

On the back of a very strong order book, the Group invested €16.7 million in the first half of the year, an unprecedented amount. This correlates to a strong growth in demand fueled by streaming platforms and will contribute to revenues over the semesters. As a reminder, Xilam's business model is built on a very high coverage of investments by pre-sales, so this figure is a relevant indicator for growth of the business.

Financial position remains sound

Xilam had €8.7 million in cash on hand at June 30, 2021. Net financial debt stood at €18.4 million (vs. €8.4m at end December 2020). The increase in net financial debt over 6 months is mainly due to the increase in self-liquidating financial debt (+€8.8m) linked to the drawing down of production loans. The Group maintains a €20 million credit line with Natixis Coficiné (of which only €7 million had been tapped by the end of June 2021), enabling it to finance the ramp-up of its investments in new productions.



Setting aside production loans, net financial debt was €6.9 million at June 30, 2021 (vs. €5.8m at 31 December 2020).

Equity amounted to €63.7 million at June 30, 2021.

A first half-year that spectacularly illustrates Xilam's ability to seize new growth opportunities and make a place for itself in a completely reshaped audiovisual market

For the first time ever, sales of Xilam's new productions were predominately generated by sales to digital SVOD platforms (including Netflix, Disney+ and YOUKU).

With this result, Xilam can be said to have fully embraced the digital turn of the audiovisual market, whose modes of distribution and consumption have been utterly upended in less than five years. The company is now a European leader in the production of animation programs for global platforms, while retaining ownership of almost all its works.

Xilam is uniquely positioned in this market, the segment with the strongest growth in the audiovisual sector thanks to its DNA, including:

- The very high quality of its editorial teams, which enables it to constantly renew its creative offer with original content as well as new takes on the major brands of its catalogue.
- The strength of its sales teams, who anticipate market developments and needs.
- The company's ability to adapt production tools and incorporate increasingly innovative technologies, particularly in the area of computer-generated images, which are strongly favored by global platforms. Indeed, less than four years after launching its 3D Hub in Angoulême, strengthened last year by the acquisition of Cube Creative, Xilam has already managed to deliver more CGI series than traditional 2D animation series in 2021.

Perhaps the most spectacular illustration of Xilam's position is this past summer's near-simultaneous global launch of the *Chip 'n' Dale* series on Disney+ and season one of *Oggy Oggy* on Netflix.

Objectives and outlook

Xilam is confident in its ability to achieve a historic increase in revenues of over 80% for fiscal year 2021.

The many developments underway, and the interest expressed by both SVOD platforms and traditional broadcasters, confirm the Group's growth prospects, especially as the obligation to invest in French independent productions set out in the AVMS (SMA) reform will begin to take full effect on platform orders from 2022.



About Xilam

A major player in animation, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programs 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 recognized 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, Zig & Sharko and Chicky, as well as new properties such as Oggy Oggy for a preschool audience, Mr. Magoo and Trico. Xilam's expanding and strong catalogue now consists of over 2,700 episodes and three feature films, among which Academy Award® nominated adult feature film I Lost My Body. Xilam has a unique expertise in 3D. the Studio 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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