



Press release

Paris, October 20, 2021

SIGNING OF MASTER TOY AGREEMENT LAUNCHES THE MERCHANDISING CAMPAIGN FOR THE OGGY OGGY SERIES

First line of toys available for Christmas 2022

A major step forward in Xilam's growth strategy

Xilam Animation (ISIN Code: FR0004034072, Symbol: XIL), an independent animation production and distribution company, announces a major step forward in implementing its 'Scale 2023' strategic plan with the signature of a key (Master Toy) license launching the merchandising campaign for the *Oggy Oggy* series.

Oggy Oggy pre-school series: the group's first high-potential merchandising operation scheduled for Christmas 2022

Over many years, Xilam has been developing strong proprietary brands that offer opportunities to market derivative products, especially series aimed at the pre-school market. The fully CGI-animated series enable the characters and settings to be reproduced identically in the form of toys which stimulate the imagination and creativity of children, by encouraging them to become actors in their own world.

Xilam has chosen its *Oggy Oggy* series, because it has many favourable factors to ensure the success of this first merchandising launch:

- It is the Spin-off of the world-famous series '*Oggy and the Cockroaches*' which already has a powerful brand awareness.
- Produced with a production budget of almost €18 million, it both provides exceptional visual quality and depicts key educational qualities to encourage parental buy-in.
- It has been subject to a very large initial order of 156 episodes; this volume will guarantee significant exposure on channels and platforms.
- The *Oggy Oggy* series is currently being rolled out worldwide:
 - August 2021: global launch on Netflix with 43 initial episodes. New episodes to be released every 4 months until the end of 2022.
 - January 2022: Launch of a YouTube channel with various short formats to build awareness. This channel will use Xilam's powerful digital ecosystem with a worldwide base of 50 million subscribers.
 - September 2022: The target audience will be expanded by launching the series on the leading Free TV channels in their markets, including Super RTL (Germany), France TV (France) and Discovery (Italy), etc.



This roll-out to a worldwide, multi-channel audience will provide a very solid base to build *Oggy Oggy's* awareness, and support the successful launch of the first range of toys for Christmas 2022.

Simba Dickie Group, internationally renowned partner

Xilam has chosen the company Simba to support this first merchandising campaign. Simba brings its successful experience in launching toys for pre-schoolers (notably *Masha and Mishka* and *Sam the Fireman*), its high-quality standards in designing/manufacturing toys and an international distribution capacity. Simba is also notably the parent company of several well-known brands in the toy sector, including: Smoby, Majorette and Corolle.

Xilam signed a Master Toy license agreement under which Simba will pay royalties to Xilam on recorded sales. Simba undertakes to produce a complete range of toys (dolls, vehicles, accessories, etc) for 3-6-year olds, in accordance with a graphic style guide drawn up by Xilam. Simba will handle sales and marketing, in particular, during the last quarters of 2022 and 2023, via advertising campaigns on the main Free TV channels.

Strong value creation potential for Xilam

Xilam is expecting this first merchandising campaign to have a significant and growing impact on its turnover from 2023 onwards, along with a simultaneous contribution to the group's profitability.

The Master Toy licence is the first usual step in a more comprehensive merchandising campaign. It sends a strong signal to all other licensing categories (publishing, textile, etc.), which will benefit from TV advertising campaigns organised for the toys.

It is too early to give precise details about this new revenue stream, at least until the first line of toys is launched on the market. This new B2C expertise is nevertheless a powerful catalyst given the group's strong creative capacity. Other series with high merchandising potential will be launched on the market in the near future.

Marc du Pontavice, Chairman and CEO of Xilam says "*We are particularly pleased to announce this merchandising licence agreement. It marks a key step in our 360° strategy to position Xilam and its brands, taking us beyond videos, to provide a more holistic approach to children's entertainment. This first resounding success rewards the efforts made in recent years by the group's teams, particularly those in distribution.*"

Merchandising: a recurring profitability model

Merchandising is a new B2C revenue model for Xilam, complementing the B2B segment, within which the group currently operates through traditional TV channels and digital platforms. It will significantly increase the recurrent share of turnover, especially from the catalogue. Based on a royalty model, it requires no investment from Xilam and will not result in any additional costs, thus generating immediate cash flow and increased profitability. In the medium term, this merchandising turnover may represent a significant share of total turnover.



Ultimately, merchandising is one of the 4 pillars of Xilam's strategy which is based on organically growing its core-business on kids & family content range, expanding on adult-focused content range, capitalizing on strategic high-return non-IP content and accelerating growth of B2C revenue streams, including merchandising.

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 AVOD 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. Xilam is listed on Euronext Paris Compartment B – Eligible to PEA - SRD long.

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