



Press release

Paris, 4 April 2024

2023 Full-Year Results

A Successful financial year with enhanced assets

Total sales up 11%

Group net income almost fourfold to €4.9M

Free cash flow doubled to €12.6M

Net financial debt halved

Solid foundations for the future

Xilam Animation, an independent animation production and distribution company, announces its financial results for the year ended 31 December 2023, reviewed by the Board of Directors at its meeting on 3 April 2024 chaired by Marc du Pontavice.

Marc du Pontavice, Chairman and CEO of Xilam, comments: "2023 is evidence of the Group's ability to anticipate and adapt to market changes, by adjusting both its strategic vision and its business model. While consolidating its ability to generate profitable growth, and creating assets with high long-term value, Xilam has also demonstrated that its new strategy, implemented since 2022, is also designed to generate significant free cash flow. In 2023, this reached a record €12.6M, giving a year-end net cash position of €3.8M. We therefore proved that in a deteriorated market environment, we can rely on a very solid business model, a healthy balance sheet and, above all, on the studio's creativity and expertise, the breadth of our content offering and the diversity of our clients".

Income statement ('000 euros)	31.12.2023 ⁽¹⁾	31.12.2022	% change
Sales of new productions and developments	30,560	25,358	+21%
Catalogue sales	9,166	10,356	-11%
Total sales	39,726	35,714	+11%
Grants ⁽²⁾	6,006	6,299	-5%
Total sales and grants	45,732	42,013	+9%
Other current operating revenue (including ATC)	2,482	4,706	-47%
Total operating revenue	48,214	46,719	+3%
Operating expenses	(43,109)	(44,252)	-3%
Current operating income	5,105	2,467	+107%
% Sales and grants	11.2%	5.9%	
Operating income	4,923	2,221	+122%
% Sales and grants	10.8%	5.3%	
Financial income and expenses	(476)	(1,559)	ns
Group consolidated net income	4,860	1,345	+261%
% Sales and grants	10.6%	3.2%	

⁽¹⁾ Unaudited data

⁽²⁾ Excluding audiovisual tax credit (ATC)



Xilam's new strategy, implemented since 2022, is a success

Anticipating the slowdown in the proprietary production model in the kids segment, and the consequences of the macroeconomic context in terms of cash management, the Group has rapidly and successfully changed its business model by implementing a production strategy that is more balanced between servicing (notably via the young-adult segment) and proprietary productions, so as to generate a significant free cash flow while continuing to enrich its catalogue. Both sales and earnings for 2023 already reflect the relevance of this strategy.

Double-digit sales growth for the seventh consecutive year (excluding Covid) to €39.7M

This performance is the result of very strong growth in servicing and a very good performance from catalogue sales:

- Sales of new productions and developments amounted to €30.6M, up 21%, of which 26% for Xilam alone, excluding Cube. It was largely driven by growth in servicing (non-proprietary productions), which rose by 76%.
- Catalogue sales are the second best in Xilam's history. While slightly down compared to 2022, they are 43% higher than in 2021, confirming the momentum of the Group's franchises and reaching a new plateau of around €10M.

After taking into account grants and other ordinary operating revenue, total operating revenue came to €48.2M, up 3%.

Current operating income of €5.1M, a very good performance at a time of strategic evolution

Current operating income amounts to €5.1M, giving a margin of 11.2% on sales and grants. It more than doubles compared to 2022, which was strongly impacted by a catalogue write-down.

This profitability in 2023 reflects the Group's strategic orientations, in particular: i) structural investments to prepare for future growth, in particular in the buoyant young-adult segment, ii) the high proportion of servicing in sales, which does not allow to capitalize the increase in fixed costs, iii) the priority given to cash generation and debt reduction.

Net profit of €4.9M, almost four times higher than in 2022

Owing in particular to the Group's strong debt reduction in 2023, financial expenses were divided by three, representing an expense of €0.5m, compared with €1.5m in 2022.

Income tax was a positive €0.8M.

As a result, net profit will rise to €4.9M from €1.3M in 2022, an almost fourfold increase.

Xilam has succeeded in evolving its business model, resulting in a strong free cash flow generation of €12.6m.

In 2023, the Group has thus generated free cash flow of €12.6M, doubled compared with 2022. This strong improvement is largely due to:

- A stable net cash flow from operating activities at €31.7M.
- A 21% reduction in acquisitions of tangible and intangible fixed assets to €19.7M (compared with €25.1M in 2022), due in particular to the lower share of proprietary productions.



Xilam strengthens its balance sheet by halving its net financial debt

After taking into account the repayment of rental debts and interest paid, net cash generation amounts to €8.6M, leading to a sharp reduction in net financial debt at 31 December 2023 to €7.3M, compared with €15.9M at the end of December 2022.

<i>(In thousands of euros)</i>	31.12.2023 ⁽¹⁾	31.12.2022
Cash and cash equivalents	8,139	13,255
Corporate financial liabilities ⁽²⁾	(4,377)	(15,738)
Net cash	3,762	(2,483)
Self-liquidating financial liabilities	(11,053)	(13,405)
Net financial debt	(7,291)	(15,888)

(1) Unaudited data

(2) Non-self-liquidating financial liabilities

This net financial debt breaks down into:

- Net cash, excluding self-liquidating liabilities, of €3.8M, an improvement of €6.2M since the end of 2022 which takes into account corporate financial liabilities of €4.4M compared with €15.7M in 2022. In particular, the Group repaid its €15M EuroPP in 2023.
- Self-liquidating financial liabilities of €11.0M (compared with €13.4M), down by €2.4M due to the payment of receivables from major international platforms.

In January 2024, the Group also carried out a capital increase of €3.7M, strengthening its equity and increasing its liquidity.

At 31 December 2023, total equity stood at €74.1M (compared with €69.5M at the end of 2022). Pro-forma for the capital increase, total equity would be €77.8M at the end of 2023.

Social and environmental responsibility: a very encouraging first carbon footprint

Founded on the values of excellence, innovation, diversity and inclusion since its creation, Xilam Group is resolutely committed in 2023 to integrating the energy transition into the heart of its activities and to reinforcing, formalising and communicating its commitments in terms of Corporate Social Responsibility (CSR).

In 2023, the Group published its first Carbon Footprint (see press release of 31.01.2024), which shows that carbon consumption per employee (FTE) is 3.9 T of CO₂, half that observed in the media sector. Based on this initial observation, in 2023 the company adopted new practices that constitute a significant step towards more eco-responsible management of its activities. As part of its structured and formalised sustainable development strategy, the Group has introduced a responsible purchasing policy, invested in more ecofriendly technologies, improved its production processes, reduced and optimised its data and storage volumes, extended the lifespan of its equipment and introduced awareness-raising initiatives within its teams. All these measures will be detailed in the Annual Financial Report 2023.



Agility and solid foundations, to deliver a strategy based on Xilam's powerful assets

Since the announcement of the contraction in investment in the kids' segment by the major streaming platforms in the second half of 2023, Xilam has been quick to adapt both its cost structure and its strategy.

The savings plan that has already been implemented is designed to preserve the Group's financial resources while maintaining and even strengthening the company's core expertise, in full agreement with the company's Social and Economic Committee.

To rapidly rebuild its order book, Xilam has successfully begun to deploy its strategy in three key areas:

- 1) Strengthening Xilam's ties with the major European channels, which remain keys for kids' animation content.
- 2) Pursue the conquest of the young-adult segment.
- 3) Launch the production of feature film format that proved so successful a few years ago with *I lost my body*.

Xilam is already well advanced in the deployment of this strategy and will be making a number of announcements by the end of H1.

Despite an expected sharp fall in sales in 2024, the group is maintaining its forecast of a current operating income close to breakeven.

Xilam is a strong brand with worldwide recognition. Its unique expertise is supported by a strategic vision and ability to adapt that places the Group at the heart of the global animation business, with the ambition of a rapid return to profitable growth.

Agenda

Availability of the 2023 Financial Report: 29 April 2024 (after market closing)

Combined Annual General Meeting: 6 June 2024

Publication of 2024 half-year sales figures: 18 July 2024 (after market closing)



Contacts

Marc du Pontavice – Chairman and CEO

Cécile Haimet – CFO

Phone: +33 (0)1 40 18 72 00

Image Sept Agency

xilam@image7.fr

Karine Allouis (Media Relations) – Phone +33 (0)1 53 70 74 81

Laurent Poinsot (Investor Relations) – Phone +33 (0)1 53 70 74 77



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 the 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 around 500 people, including 400 artists, across its studios in Paris 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 www.xilam.com

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

ISIN: FR0004034072, Symbol: XIL