Press release
Paris, 27 March 2025

2024 Full-Year results

Debt-free and backed by a solid cash position, Xilam looks to the future

Strong free cash flow generation of €7.9 million in 2024
Current operating income at break-even in the second half
Full-year net income impacted by catalogue write-downs linked to market conditions
Leveraging its strengths, Xilam is rebuilding its order book

Xilam Animation, Academy Award®-nominated French animation studio, announces its financial results for the year ended 31 December 2024, reviewed by the Board of Directors at its meeting on 26 March 2024 chaired by Marc du Pontavice

Consolidated income statement (in thousands of euros)	31.12.2024 (1) Before write-downs (2)	31.12.2024 (1)	31.12.2023
Sales of new productions and developments	15,293	15,293	30,561
Catalogue sales	8,195	8,195	9,165
Total sales	**23,488**	**23,488**	**39,726**
Grants (3)	3,113	3,113	6,006
Total sales and grants	**26,601**	**26,601**	**45,732**
Other current operating revenue (including ATC)	1,446	5,723	2,482
Total operating revenue	**28,074**	**32,323**	**48,214**
Operating expenses	(29,436)	(59,871)	(43,109)
Current operating income	**(1,390)**	**(27,548)**	**5,105**
% total sales and grants	*ns*	*ns*	*11.2%*
Operating income	**(1,570)**	**(27,728)**	**4,923**
Financial income and expenses	(135)	(135)	(476)
Income tax	1 157	1 157	413
Group consolidated net income	**(548)**	**(26,706)**	**4,860**
% total sales and grants	*ns*	*ns*	*10.6%*
Net income attributable to the group	**(217)**	**(25,566)**	**5,203**

(1) *Unaudited data*
(2) *Before write-downs of the catalogue and projects in development*
(3) *Excluding the audiovisual tax credit (ATC)*

Marc du Pontavice, Chairman and CEO of Xilam, comments: *« The global animation industry is going through a sharp cyclical downturn, affecting all segments of the market, as major buyers are increasingly cautious about launching new projects. As a result, a conservative approach has been taken regarding the sales potential of the catalogue, leading the Group to make significant write-downs, particularly on some recent titles. This is despite solid commercial performances in 2024 and, above all, the strength of our three major global franchises.*
In recent years, Xilam has accumulated profits thanks to the strength of its catalogue, a well-balanced mix of proprietary productions and servicing, and strict cost control. The Group ends the 2024 financial year with a positive net cash position. Our entirely debt-free financial structure, combined with the recurring revenues from our deep catalogue, allows us to focus our efforts on rebuilding our order book.
Now more than ever, our positioning as a key player at the heart of the animation industry is recognized worldwide. We have maintained the strength of our brand and the leading creativity of our talents over the two decades, which gives us resilience and the capacity to bounce back as the market recovers. »

Revenue down in 2024

Total sales, excluding grants, came in at €23.5 million (-41%), reflecting, as previously announced, a sharp contraction in orders from US streaming platforms in the kids' segment.

- Revenue from new productions and developments amounted to €15.3 million (-50%). Servicing (non-proprietary productions) accounted for 70% of this figure, illustrating the success of the Group's diversification strategy into the young-adult segment for streaming platforms.
- Catalogue revenue totalled €8.2 million (-11%), reflecting a strong rebound in the second half of the year, notably due to the renewal of the partnership with Sony Pictures Networks India for the *Oggy and the Cockroaches* franchise. Catalogue sales were driven by Xilam's flagship franchises: *Oggy and the Cockroaches*, *Zig & Sharko*, and *Chicky*.

After including grants, total revenue and grants came to €26.6 million.

Total operating revenue stood at €28.1 million before the impact of write-downs (see below), and at €32.3 million after, including the related tax credits.

Current operating income at breakeven in the second half

Current operating income came to -€1.4 million, before the impact of write-downs, reflecting a break-even performance in the second half of the year. The Group indeed benefited from strong catalogue sales in the second half and responded swiftly by implementing a cost-saving plan (including site consolidation and resource pooling) and by controlling fixed costs.

Net write-downs for an exceptional amount of €26 million

In a global animation market at a low point in the cycle, Xilam has managed to maintain a very satisfactory level of catalogue sales. However, given short-term market uncertainties and the concentration of performance around its key franchises, Xilam has decided to review the value of all its assets to ensure its balance sheet accurately reflects current market conditions.

Net write-down of €25 million on the catalogue and new series. Xilam's catalogue strength today relies primarily on three flagship franchises: *Oggy and the Cockroaches*, *Zig & Sharko*, and *Chicky*. Conversely, some other recent titles have underperformed, particularly those series that were not renewed for a second season. In addition, the sales outlook for these titles now appears less promising, given the reduction in investment by the major clients.

In accordance with accounting standards, titles that are gaining in strength cannot be revalued, while those with less visibility must be written down. As mentioned during the publication of the 2024 full-year revenue on 12 February, Xilam recorded a gross write-down for an exceptional amount of €29 million in the value of its catalogue and new series. This amount is partially offset by the recognition of around €4 million in related audiovisual tax credits, resulting in a net impact of €25 million.

Write-down of €1 million on projects in development.

In view of the contraction in orders from streaming platforms, some projects under development had to be halted or significantly reworked, leading the Group to provision their development costs.

All these write-downs, representing a total net amount of €28 million, are purely accounting in nature and have no impact on the Group's cash flow. In particular, the economic value of the catalogue has not declined proportionally, as demonstrated by the solid level of sales recorded in 2024, especially in the second half of the year, and the long-term strength of the Group's flagship franchises.

The Group therefore considers that the future revenue potential of its catalogue titles remains well above their net book value, which stood at €33 million at the end of 2024. This value represents in fact just over 4 times the catalog's sales for 2024. The catalogue will thus continue to make a significant contribution to the Group's results for the years to come.

Net income attributable to the Group

Net financial results came in at -€0.1 million, reflecting a threefold reduction in gross financial debt costs, mainly due to the Group's complete deleveraging in 2024.

Income tax resulted in a gain of €1.2 million.

After accounting for minority interests, net income attributable to the Group amounts to -€25.6 million. Excluding the impact of write-downs, it is close to breakeven, at -€0.2 million.

Strong free cash flow generation of €7.9 million

The Group generated free cash flow of €7.9 million over the year, resulting in a fully debt-free financial structure by the end of 2024.

This free cash flow generation results from:

- Net cash flow from operating activities of €17.2m, including €14.9m in cash flow from operating activities and €2.3m in cash generated by the reduction in working capital requirements.
- Investments totalled €9.3 million, a significant decrease compared to 2023, due to the lower share of proprietary productions.

A fully debt-free balance sheet

After taking into account repayments of lease debt and interest payments, net cash generated from operating activities amounted to €5.2 million. In addition, €3.6 million in net cash was raised through the capital increase carried out in early 2024.

Over the course of the year, the Group repaid €9.7 million in financial debt, and as of 31 December 2024, is in a fully debt-free position, with a cash and cash equivalents position of 7,3 M€ and a net financial cash position of €1.6 million.

(In thousands of euros)	31.12.2024 (1)	31.12.2023
Cash and cash equivalents	7,349	8,139
Corporate financial liabilities (2)	(3,782)	(4,377)
Net cash	3,567	3,761
Self-liquidating financial liabilities	(1,920)	(11,053)
Net financial cash / (net financial debt)	1,647	(7,292)

(1) Unaudited data

(2) Non-self-liquidating financial liabilities

This net financial cash position breaks down as follows:

- Net cash, excluding self-liquidating financing, of €3.6 million
- Self-liquidating financial liabilities significantly reduced to €1,9 million (compared with €11 million at end-2023), reflecting the collection of receivables from major international platforms.

This sharp reduction in self-liquidating debt demonstrates the Group's ability to use its own cash to finance production flows, thereby lowering its working capital requirements and significantly reducing interest expenses.

As of 31 December 2024, total equity stands at €51 million (compared with €74 million at year-end 2023), reflecting the impact of net income. Together with the positive net cash position, this confirms the Group's strong financial foundation to support the ongoing execution of its operational strategy.

An ambitious CSR strategy

Xilam is firmly committed to an ambitious corporate social responsibility (CSR) approach. To structure a robust low-carbon trajectory, the Group relies on recognized frameworks and an in-depth analysis of its greenhouse gas emissions. This methodology enables Xilam to identify the main emission sources and implement targeted actions: optimizing energy consumption, reducing the environmental impact of digital activities, and improving procurement and production practices. Through these levers, Xilam is aiming for an annual -6% reduction in its emissions. This approach was recognized with the award of the Ethifinance Platinum certificate, highlighting the company's ESG performance and sustainability achievements in 2024.

Xilam also places people at the heart of its priorities, promoting inclusion, equal opportunities, and employee well-being. The Group's workforce is 55% female, including 60% of its top management. By fostering an ethical and caring work environment, Xilam reaffirms its full commitment to social and environmental responsibility within the animation industry.

In 2025, the Group is focused on rebuilding its order book

In a global animation market affected by audience fragmentation, major content buyers, including traditional broadcasters and international streaming platforms, have adopted a wait-and-see attitude. This fragmentation can also be observed on AVOD platforms, leading to a significant de-monetization of audiences.

This is the third industry crisis Xilam has experienced since its creation, and, as it has done before, the Group is drawing on its strong fundamentals to navigate through it and prepare for a rebound:

- The strength of its brand, the creativity of its talent, and operational excellence that position Xilam as a key player at the heart of the global animation industry.
- The power and breadth of its catalogue, led by three global flagship brands that generated over 8 billion views in 2024 on YouTube alone.

- An extremely solid balance sheet, totally debt-free.

Xilam enters 2025 with the production of three major new projects, all very promising and very well received by the market.

- *Piggy Builders*, a pre-school series in 3D, financed on a proprietary model, boarding France Télévisions, ZDF and the BBC.
- *Submarine Jim*, a comedy aimed at kids, also under a proprietary model, boarding France Télévisions and Super RTL.
- *Lucy Lost*, a new epic family feature, co-written and directed by Olivier Clert, and adapted from the novel *Listen to the Moon* by multi-award-winning British author Michael Morpurgo.

Additional new projects are currently under discussion, notably with leading European broadcasters, and announcements are expected in the coming weeks.

Overall, given the sharp decline in the order book at the end of 2023, the Group's level of activity will not be sufficient to stabilize revenue, which is expected to decline in 2025, before returning to growth in the course of 2026.

Given the Group's strong cash position and promising outlook for 2026, Xilam intends to preserve its talent and maintain its operational capacity. Therefore, the Group does not plan to implement any significant additional reductions to its fixed costs in 2025.

Across all audience insights, animation remains at the heart of children's attention and continues to be a major asset for attracting and retaining viewers. In a rapidly evolving market, experiencing a swift reduction in production overcapacity, Xilam, backed by its strong cash position and talented teams, maintains its full ability to bounce back and seize every market opportunity.

Agenda

Availability of the 2024 Financial Report: 30 April 2025 (after market closing)

Combined Annual General Meeting: 5 June 2025

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About Xilam

A major player in animation, Xilam is an integrated studio founded in 1999 that creates, produces and distributes original programmes 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 AVoD streaming platforms including YouTube and Facebook.

With its creativity and capacity for innovation recognised worldwide, its unique expertise in CGI, as well as editorial and commercial expertise at the cutting edge of its industry, Xilam is positioned as a key player of the 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 *Karate Sheep*, and Academy Award® nominated adult feature film *I Lost My Body*. Additionally, Xilam is serving as the animation studio for Zack Snyder's animated series *Twilight of the Gods*, launched worldwide on 19 September 2024 by Netflix, and also produces *Chip 'n' Dale: Park Life*, alongside the forthcoming horror comedy *The Doomies*, for Disney+. Xilam's expanding and strong catalogue now consists of over 2,800 episodes and three feature films.

Xilam employs more than 400 individuals, across its studios in Paris, Angoulême in France and Ho Chi Minh in Vietnam. Xilam was ranked France's leading animation studio for the 2018-2023 period in a report by the French National Centre for Cinema and Animation (CNC).

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

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For more information, visit: www.xilam.com