

# EVS Q3 2023 BUSINESS UPDATE

## Delivering strong 2023, whilst building the future

EVS continues its strong journey in 2023 and confirms it will realize its ambition for profitable and sustainable growth in the year. In the 4th quarter, we will focus on the planned deliveries for 2023 and continue building the future, while also preparing for the major sport events in 2024. All order intake secured in the final months of the year will contribute to support our growth in 2024.

## Highlights

- Revenue performance continues the strong momentum from the first quarters of the year supporting our growth ambition for 2023.
- The secured revenue\* allows EVS to confirm that the high-end range of the existing revenue guidance (EUR 160 - 170 million) is within reach.
- Gross margin levels continue to improve and operational expenses are under control, demonstrating our objective to realize a profitable growth in 2023.
- In line with the evolution of the revenue guidance, EVS confirms that the EBIT guidance is shaping up towards the high-end of the existing range (EUR 32.5 - 38.5 million).

\*secured revenue includes the already recognized revenue as well as open orders on hand that will be recognized as revenue in 2023

## Comments

### **Serge Van Herck, CEO comments:**

*"I am pleased to announce our third-quarter results and provide an update on EVS Broadcast's performance and outlook. As we enter the final quarter of the year, I am proud to report that we are well on track to deliver full-year revenue and profit results at the high end of our guidance. Our commitment to innovation and customer satisfaction remains at the forefront of our strategy, and we have seen strong affirmation of this at the recent IBC event in Amsterdam. The feedback we received from our customers on our solution offering and innovations, including Mediaception VIA MAP and our artificial intelligence-powered live video effects, such as XtraMotion, has been overwhelmingly positive.*

*Notably, our Net Promoter Score (NPS) continues to increase, as indicated by the recent survey conducted by Devoncroft, reflecting the growing satisfaction of our customers. This serves as a testament to the dedication of our team members, as demonstrated by our yearly team member engagement survey, which underscores their strong commitment to our company's mission and values.*

*We are equally delighted with our Environmental, Social, and Governance (ESG) progress, which was recently recognized with a Corporate Star Award at IBC in Amsterdam. Our ongoing efforts in this area reinforce our dedication to responsible business practices.*

*While we remain optimistic about our company's trajectory, we must exercise caution in the face of global uncertainties. The ongoing conflicts in Ukraine and Gaza have the potential to impact our Western economy, which could, in turn, influence our industry. Additionally, the prospect of increasing interest rates and slowing advertisement spending might slow down the investment pace of some of our customers.*

*We remain dedicated to delivering value to our customers and stakeholders and will continue to focus on innovation, customer satisfaction, and sustainable growth.”*

**Commenting on the results and the outlook, Veerle De Wit, CFO, said:**

*“We continue to see momentum in our revenue performance and thanks to a sound margin and cost management, this momentum results into a profitable growth for 2023.*

*Besides a strong income statement, we continue to benefit from a strong balance sheet. Our net cash position is at sound debt levels and our balance sheet metrics continue to improve compared to the year 2022.*

*Securing 2023 is a top priority for our production team, however, the preparations for the Big Events of 2024 are starting at the same time resulting in part of our production capacity being reserved to prepare these.*

*Based on the current metrics and the underlying market conditions, we are confident enough to confirm that the high-end range of our revenue guidance is within reach (EUR 170 million).*

*Consequently, our EBIT performance is shaping up towards the high-end of the range (current range being EUR 32.5 - 38.5 million). This performance would mark a tremendous year for EVS. ”*

### **Markets & customers**

The main drivers of EVS in the “Premium Live Ecosystem” remain the same as in 2022 but with higher revenues, proving the success of the PlayForward strategy approach oriented towards solutions.

On the LAB side, MediaCeption continues to successfully spread within EMEA region with a new multi-site installation that has gone “on-air” early September for Oman TV studios in Muscat & Salalah.

On the LSP side, LiveCeption signature continues to support the upgrade of XT-VIA servers, as for CloudBass, the largest independent dedicated Outside Broadcast company in the United Kingdom and for VideoCraft, a prominent supplier of video production equipment and broadcast facilities in Australia. Both customers will upgrade their full fleet and beyond, leveraging the capabilities of LSM-VIA to deliver engaging live replays and highlights.

The traction for MediaInfra products division continues, especially in NALA and in EMEA. Cerebrum is now successfully spreading in all regions as the reference for a multi-vendor control system. Neuron allows customers all over the planet to save energy while serving the different applications to transform broadcast signals.

EVS continues to manage carefully the inventory of components to deliver the hardware based products according to the promise. EVS also continuously monitors inflation to reflect it progressively in the pricing and business model evolutions.

### **Technologies**

EVS continues to materialize the Balanced Computing strategy through new solutions. At IBC, Besides XtraMotion Edge that can be deployed on-premise, EVS did show a range of new AI based XtraServices to create higher return on emotion.

EVS also improved the LiveCeption solution, bringing a new version of XNET-VIA which decreases the delay when accessing content stored on a distant XT-VIA from a local XT-VIA. This brings unequalled support for remote production when the infrastructure is split between two different well connected sites.

The VIA Media Asset Platform (MAP) – announced at IBC – brings the world of content creation in a live production environment together with the world of distribution and review, gathering LiveCeption and MediaCeption solution components in a cohesive and open ecosystem.

Neuron View – the new multiviewer on top of the carbon footprint optimized Neuron platform – is nicely complementing the portfolio of Media Infrastructure applications and increases the relevance of the platform for many customers and use cases.

EVS' Xeebra multi-review system recently obtained the FIFA Offside Technology (OT) and the Video Assistant Referee (VAR) certifications following a rigorous series of tests in Offenbach, Germany, reaffirming precision, speed & reliability.

As an innovative end-to-end pilot project, EVS has designed a “Flex Production” solution utilizing many different capabilities of 5G technology, in collaboration with Orange Belgium, to bring live theater performances to schools in the Walloon and Brussels regions of Belgium.

### Corporate topics

We focused our corporate efforts in 2023 on supporting our profitable and sustainable growth objective. Our corporate digital transformation roadmap focusses on creating tools to ensure scale up and flawless operations. We are also focusing our attention to optimizing our cost structure with pro-active focus on travel expenses, trade shows, power consumption, etc.. Within Research and Development we ensure the required bandwidth to ramp up our sustainability efforts, especially when it comes to the design and energy consumption of our solutions.

From a tooling point of view we want to ensure that we have efficient processes in place that promote end-to-end collaboration across all our departments. Having an efficient operational backbone is important to us. After an initial launch of a new global ERP system in October 2022, we have integrated in 2023 the final legal entities within this global framework. We are now operating at global scale on one footprint, with global operations and economies of scale. Next to the ERP we are also expanding our corporate digital footprint (CRM, Via Portal, LMS, Via Licensing, ...)

We continue to monitor the macro-economic environment and assess the profitability of our solutions. Our pricing strategy is reviewed regularly, as to ensure we stay ahead of the curve.

When it comes to ESG, we have focused in 2023 on creating long term objectives for all the topics that are most relevant and important to us as a company. We have also reviewed our materiality

matrix and we will start improvement tracks to measure our carbon footprint in a qualitative way. We will also create a data governance around ESG KPI's in preparation of CSRD.

In terms of team members, we have kept our base rather flat in the first half of 2023. In the second half, based also on the growth perspectives, we have decided to accelerate some hirings. As such, we expect a moderate increase in our team member base in the last quarter of the year.

On November 24th, 2023, EVS will hold its investor day at the EVS premises in Liège. Investors can subscribe using the link: <https://evs.com/evs-investor-day>

**Outlook**

The 2023 secured revenue allows us to confirm that the high-end range of the existing revenue guidance is within reach (EUR 160 - 170 million).

Thanks to the strong topline performance, the gross margin for the full year 2023 is expected to increase . The investments from the past in our operations & support structure are fully covered by additional revenue growth. Next to that, we see the gross margin by solution growing, as a result of our pricing strategy.

Operational expenses continue to be closely monitored and controlled. As our focus in 2023 is on profitable and sustainable growth, this balance is critically important. As such, we have seen little changes in our overall headcount position in 1H23. Since 3Q23 we are again investing in additional team members, as to ensure we prepare for future growth. There will be a marginal increase in our overall headcount position in 2H 2023.

Next to our revenue guidance firming up, we also confirm that the high-end range of our EBIT guidance is within reach (EUR 32.5 - 38.5 million).

**Interim dividend**

The Board of Directors has decided to pay an interim dividend of 0.50 EUR per share. The ex-date will be November 22nd, 2023 (coupon #35) and the payment date will be November 24th, 2023.

We reiterate the full year 2023 expected dividend distribution of EUR 1.10 per share, which remains subject to market conditions and to the approval of the Ordinary General Meeting of Shareholders.

**Corporate calendar**

<b>February</b>	<b>22nd,</b>	<b>2024 :</b>	<b>2H</b>	<b>2023</b>	<b>and</b>	<b>FY</b>	<b>2023</b>	<b>results</b>
<b>May</b>	<b>16th,</b>	<b>2024 :</b>		<b>1Q</b>		<b>2024</b>		<b>results</b>
<b>May</b>	<b>21st,</b>	<b>2024 :</b>			<b>general</b>			<b>assembly</b>
<b>August</b>	<b>14th,</b>	<b>2024 :</b>	<b>2Q</b>	<b>2024</b>	<b>and</b>	<b>1H</b>	<b>2023</b>	<b>results</b>
<b>November</b>	<b>14th,</b>	<b>2024 :</b>	<b>3Q 2024 results</b>					