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Regulated and inside information – Business update 1Q23
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS Q1 2023 business update

Liège, Belgium, May 17th, 2023

Jump start into 2023

EVS takes a jump start in the new calendar year with the strong results of the first quarter. The achievements of the Q1 fully underpin EVS' ambition to realize a profitable and sustainable growth in 2023.

Highlights

- A strong revenue for 1Q23 supporting our growth ambition for 2023.
- The secured revenue* calls for an upgrade of the revenue guidance for 2023 from an initial range of EUR 145-155 million to a range of EUR 150-160 million.
- Operational expenses are under control, demonstrating our objective to realize a profitable growth in 2023.
- Based on the 1Q23 results, an EBIT guidance of EUR 27,5 - 32,5 million is announced.
- Net cash is restoring to EUR 47 million, demonstrating our ability to collect the cash from the large volume of invoices issued at the end of 4Q22.

*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 thrilled to report that we have had an exceptionally strong start to the year with our Q1 results enabling us to confirm our profitable growth ambitions. We are very pleased to see our hard work paying off and our efforts to drive growth across our business are being reflected in our commercial and financial results.

In addition to our strong financial performance, we also prove our ability to gain market share, while expanding our portfolio.

We are also making substantial progress towards making our vision of a strong ecosystem a reality with our VIA Platform. We are moving from product sales to solution sales, which will eventually result in a robust ecosystem designed for the most demanding live production operations. This will allow us to offer more value to our customers and position us as a leading player in the industry.

The strong performance of our MediaInfra solution division proves the success of the integration of Axon in 2020 and the acceleration of the EVS portfolio expansion. We are committed to pursuing strategic acquisitions that will help us drive growth and create value for our shareholders, customers and channel partners.

Our sustainability efforts with our ESG program continue to deliver the expected results, and we are proud to say that we are now in the top 10% of all companies worldwide rated by Sustainalytics. We believe that sustainability is an essential part of our business strategy, and we will continue to work towards reducing our environmental impact and contributing to a better future for all.

Our PlayForward strategy is helping us get EVS back into growth mode. We are focused on delivering value to our customers and building long-term relationships with them. Our ambition is to continue our growth mode both on the revenue side and profitability side, and we are confident that we are well-positioned to achieve our goals."

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

“The start of the new year is strong, with a record high revenue achievement for the first quarter. This result, combined with operational expenses that are well under control, enables us to realize a kick-start to the year: a year where we want to demonstrate sustainable and profitable growth.

Besides a strong income statement, we are also happy to see that our cash position is restoring compared to 4Q22. Our cash position at the end of 2022 suffered from the timing of the launch of the new ERP, leading to some delays in invoicing in the last quarter of the year, and resulting in a high amount of invoices being “not due” at the end of December. As expected, I am happy to confirm that we recovered from that position in the first months of 2023.

Based on the current metrics and the underlying market conditions, we are confident enough to increase our revenue guidance from EUR 145-155 million to EUR 150-160 million.

Next to a revenue guidance, we are also issuing our first Earnings Before Income Tax (EBIT) guidance: based on the 1Q23 results and the market dynamics, the EBIT is expected to land between EUR 27,5 - 32,5 million. The higher end of the range clearly underlining our ambition to realize sustainable and profitable growth in 2023.”

Market & 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 approach oriented towards solutions.

Based on the strong order book, revenues in NALA region continue to grow at a strong pace. While APAC and EMEA revenues were more stagnating last year for Q1, both regions are now showing very significant growth in revenue. It has to be noted that APAC revenue growth doesn't yet consider any significant growth from China, still largely impacted by a slow post-Covid restart.

The traction for MediaInfra products division continues, especially in NALA and in EMEA. Cerebrum and Neuron platforms have now proven to be very efficient during the Big Events in 2022 and are becoming a reference in the market.

Both LAB and LSP revenues are significantly increasing. LAB did show an 25%+ increase on YoY basis for Q1, based on important MediaCeption and MediaInfra contracts collected earlier. LSP revenue growth is even much higher thanks to the well engaged renewal of the replay servers, accelerated by the ever growing capabilities proposed by the new LSM-VIA replay ecosystem, exclusively available on XT-VIA server, pushing more and more customers to upgrade their older system (XT3 and XT4K).

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 NAB, EVS announced XtraMotion 2.0 which now supports both EVS cloud deployment in SAAS and on-premise deployment. At the conference, our customers were amazed by the quality of the images and the short latency when using on-premise version, success confirmed by NAB Best of Show award in the Create category.

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.

On the MediaInfra side, EVS announced a new application – Neuron View high-density live production multiviewer – that can be deployed by customers on the Neuron platform. That additional application besides Bridge, Convert, Compress, Shuffle and Protect enhances the ecosystem of applications that can be virtualized on the EVS Neuron dedicated broadcast HW platform. This application is confirming the EVS sensibility and efforts in the ESG domain since it consumes up to 8 times less energy than pure SW multiviewers.

IPD-VIA Create – the EVS web-based fast editing application – was another star of the EVS booth at NAB. It brings to MediaCeption solution a new very compelling application to optimize the live editing workflows and ensure editors and

journalists can very quickly create videos during the event to export to social networks and other platforms or correct colours, add effects, insert a few images more on the timeline just a few seconds before the content is played live.

Corporate topics

In 2023 we will focus our corporate efforts on supporting our profitable and sustainable growth objective. We will create tools to ensure scale up and flawless operations. Next to that, we will focus on optimizing our cost structure with pro-active focus on travel expenses, trade shows, power consumption, ... Finally, our attention goes to ramping up our sustainability efforts, especially when it concerns 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 back-bone is important. In that context, EVS launched a new global ERP system in October 2022, to improve operational processes, and ensuring smooth scale up of the company. In 2023 we will expand the scope of that new global ERP system, by integrating our EVS Netherlands operations and by focussing on continuous improvements of the base. Next to the ERP we are also expanding our corporate digital footprint (CRM, Via Portal, LMS, Via Licensing, ...)

As the macro-economic environment is still quite volatile, it is important that we continue to focus on the profitability of our solutions. We have considerably improved our pricing models and strategy, to cope with market realities and trends. This resulted in new list prices announced in February 2023.

We continue our efforts in relation to ESG. Our ESG strategy and reporting has already received positive feedback from the market: we received a silver medal from Ecovadis, obtained encouraging scores from other rating companies and recently obtained the certification of Top Employer for 2023. After having conducted our first carbon footprint analysis in 2022, we will focus in 2023 on refining our roadmap to ensure optimal adherence to sustainability goals. Also in 2023, we will focus on creating long term objectives for all the topics that are most relevant and important to us as a company.

In terms of team members, 2023 marks the year where we want to consolidate and leverage our growth from the past years. As such, we expect little net increase in the number of team members during the year.

Outlook

The 2023 secured revenue on March 31st reaches EUR 118,2 million. Based on this measure, we are upgrading our revenue guidance for the full year from EUR 145-155 million to EUR 150-160 million.

The gross margin for the full year 2023 is expected to decline marginally as a result of a change in the solution mix. The gross margin by solution is expected to evolve positively, with any impact of rising costs of components being reflected in the price increases modeled. The most recent price increase was introduced in February 2023.

Operational expenses continue to be closely monitored and controlled. As our focus in 2023 is on profitable and sustainable growth, we foresee little changes in our overall headcount position.

After the results of 1Q23, we also introduce an EBIT guidance for the year to be in the range of EUR 27,5 - 32,5 million.

Dividend

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

August 18th, 2023: H1 2023 results

November 17th, 2023: Q3 2023 results



For more information, please contact:

Veerle DE WIT

EVS Broadcast Equipment S.A., Liege Science Park, 13 rue du Bois Saint-Jean, B-4102 Seraing, Belgium

Tel: [+32 4 361 70 00](tel:+3243617000) | **E-mail:** corpcom@evs.com | **Website:** www.evs.com

Forward Looking Statements

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About EVS

EVS is globally recognized as leader in live video technology for broadcast and new media productions. Our passion and purpose are to help our clients craft immersive stories that trigger the best return on emotion. Through a wide range of products and solutions, we deliver the most gripping live sports images, buzzing entertainment shows and breaking news content to billions of viewers every day – and in real-time.

The company is headquartered in Belgium with around 600 employees in offices in Europe, the Middle East, Asia and North America, and provides sales and technical support to more than 100 countries. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. For more information, please visit www.evs.com.