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Regulated and inside information – Business update 3Q22
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVSB.BR)

EVS Q3 2022 business update

Liège, Belgium, November 17th, 2022

Strong commercial performance continues to fuel growth

Record order intake and secured sales continue to confirm the growth path of the company.

Highlights

- The order intake confirms the growth trajectory of EVS. Even excluding the Big Tech 2022 contract, the growth is of +39,0% (BER not taken into account). In addition, the order intake for 2022 is strong across all regions.
- Big Tech contract 2022, a landmark in the history of EVS, signed in August 2022.
- Our secured revenue* allows us to upgrade our revenue guidance for 2022 to a range of EUR 145 million to EUR 150 million, representing the high-end of the guidance previously communicated of EUR 140 – 150 million.
- The OPEX guidance remains unchanged, with a growth projected between 12-15%

*secured revenue includes the already recognized revenue as well as open orders on hand that will be recognized as revenue in 2022

Comments

Serge Van Herck, CEO comments:

“ I’m happy to say our Q3 achievements are confirming our revenue growth expectations for the full year 2022. As we have been able to further increase our order intake and solve most of our supply chain challenges this year, I’m confident to upgrade our revenue guidance to a range of EUR 145 million to EUR 150 million. This will represent a new record figure for EVS.

With the signature of our largest contract ever, we are proud to say that we have added a new milestone in the history of EVS. This “Big Tech Contract 2022” covers a 10-year contract worth over \$50 million with a major US-based broadcast and media production company. This agreement includes the delivery of EVS’ live production, replays and highlights solution LiveCeption®, combined with a long-term service level agreement (SLA). It also provides our customer with multiple benefits including access to our latest technology innovations and upgrades for its installed base, a predictable operational spend, with a spread of capital expenditures over time, an easy way to plan for further expansion and a premium SLA. The agreement comes as big tech companies intensify the competition with linear networks to secure live sports content by spending billions of dollars to acquire media rights of the most prestigious pro sports leagues in North America.

The positive and encouraging feedback we received from our customers and channel partners during our IBC trade show participation in Amsterdam earlier in September, provides us additional confidence that we are providing them with the right solutions and services to continue solving their current and future live video production needs. Our EVS Balanced Computing approach (a balanced combination strategy of “on premises” and “in the cloud services”) is clearly answering the specific needs and expectations of many LSP (Live Service Providers) and LAB (Live Audience Business) customers around the world.

I’m particularly proud to say that our CSR efforts have translated into a first important recognition. EVS has been awarded a Silver medal for its sustainability performance from EcoVadis, one of the world’s largest providers of business sustainability ratings, placing EVS in the 88th percentile. Their methodology covers seven management indicators, across 21 sustainability criteria, in four themes (environment, labour & human rights, ethics and sustainable

procurement). It is based on leading standards, such as Global Reporting Initiative (GRI), United Nations Global Compact (UNGC), and ISO 26000, and is overseen by an international scientific committee. The rating is based on our EVS policies, our actions and results, as well as inputs from third-party professionals and external stakeholders.

Overall, I continue to feel cautiously optimistic about our future. While economic market conditions remain very challenging with high inflation, supply chain challenges and with the war in Ukraine, I feel that our customers increasingly appreciate the reliability, performance and innovative edge of our solutions and services. This represents a sound basis for our future growth.”

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

“We continue our growth path, with strong order intake and revenue results, both being major drivers supporting our future potential. Our secured revenue position reinforces our ability to realize growth in 2022. As a consequence, we upgrade our revenue guidance for 2022 to a range of EUR 145 - 150 million, representing the high-end of the guidance previously communicated of EUR 140 – 150 million. The production planning for the final quarter of the year is heavily loaded, but almost all the components have been sourced.

In October 2022, we went live with a new ERP system. This new ERP will allow more flexibility in our end-to-end processes and will be a cornerstone to support our growth ambitions (including future acquisitions). The go live was successful, without any major business interruption. We are currently still operating in a hyper-care modus to ensure issues are addressed. Our priority in 4Q22 is on production and delivery of our client commitments.

Operating expenditure evolves in line with our expectations, demonstrating an increase compared to last year following the inflation and cost of energy. As such, we do reiterate our guidance of full year OPEX growth in a range of 12-15%.”

EVS Market Dynamics and customer wins

The same trends still apply for 3Q22 in general as for the first semester for what concerns the market pillars with continuous modernization of LAB and upgrade of Live Service Providers equipment. The appetite for LiveCeption, MediaCeption and MediaInfra solutions continues, feeding the order book.

The Big Tech contract 22 is obviously a major achievement as a proof point of confidence in the sustainability of EVS innovation. It's also an important evolution showing that Live Service Providers are willing to engage in long term service level agreements. It finally brings higher predictability in terms of EVS revenues.

After a successful NAB in April, EVS had the pleasure to present the new range of solutions “in real life” at IBC in September with a strong presence of key customers from EMEA and APAC.

EVS has also been preparing the major sport event in Middle-East scheduled for end of this year.

The frictions between the electronic supply chain and the delivery of products are under control for the rest of the year.

Outlook

The 2022 secured revenue on September 30th reaches EUR 143,8 million with the following split:

- Secured revenue excluding Big Event Rental of EUR 127,4 million versus EUR 111,9 million at the same date last year, a growth of +13,9%.
- Secured revenue for the Big Tech 2022 contract of EUR 6,6 million.
- Secured revenue for Big Event Rental of EUR 9,2 million, including a major international sport event happening in 4Q22.

Thanks to the strong secured revenue, we are able to upgrade our full year revenue guidance to a range of EUR 145 – 150 million, representing the high-end of the guidance previously communicated of EUR 140 – 150 million. Due to the current delivery terms, we expect that only a limited number of orders that will be closed in 4Q22 will still generate a revenue impact within this fiscal year 2022.

The order book for 2023 and beyond is demonstrating a substantial growth of +216%, also boosted by our Big Tech 2022 contract of over USD 50 million.

The gross margin evolution is demonstrating a decline as a result of a change in the solution mix. Any impact of rising costs of components are reflected in the price increases modeled and announced in 2022.

Operational expenses continue to be closely monitored: inflation and increasing energy prices require us to be vigilant. We reconfirm our guidance of full year OPEX growth in a range of 12-15%.

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 23th, 2022 (coupon #33) and the payment date will be November 25th, 2022.

This interim dividend fits in the overall dividend policy for 2022. We reiterate the full year 2022 dividend expectations*,**:

| In € per share per fiscal year | 2022 |
|---------------------------------|-------------|
| Base dividend | 1,10 |
| Exceptional additional dividend | 0,50 |
| Total dividend | 1,60 |

*subject to market conditions

**subject to the approval of the Ordinary General Meeting of Shareholders

Corporate Calendar

February 17th, 2023: 2H 2022 and FY 2022 results

May 16th, 2023: General Assembly

May 17th, 2023: Q1 2023 results

August 18th, 2023: H1 2023 results

November 17th, 2023: Q3 2023 results

For more information, please contact:

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Forward Looking Statements

This press release contains forward-looking statements with respect to the business, financial condition, and results of operations of EVS and its affiliates. These statements are based on the current expectations or beliefs of EVS's management and are subject to a number of risks and uncertainties that could cause actual results or performance of the Company to differ materially from those contemplated in such forward-looking statements. These risks and uncertainties relate to changes in technology and market requirements, the company's concentration on one industry, decline in demand for the company's products and those of its affiliates, inability to timely develop and introduce new technologies, products and applications, and loss of market share and pressure on pricing resulting from competition which could cause the actual results or performance of the company to differ materially from those contemplated in such forward-looking statements. EVS undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

About EVS

EVS is globally recognized as the 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.

