Annual Report 2022

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We are EVS

We create return on emotion

The broadcast and media technology company EVS was founded in 1994. Headquartered in Liège, Belgium, the company has a global presence with over 600 Team Members working in 20+ offices around the world. In its early years, EVS was known for its pioneering work in tapeless television technology, including the launch of the Live Slow-Motion (LSM) system, which quickly became the standard replay technology for all broadcast sporting events worldwide.

Who are we

As a globally recognized leader in live video technology for broadcast and media productions, our passion and purpose are to help our customers craft compelling stories that elicit the highest emotional response. Through our cutting-edge technologies and customer-focused teams, we strive to deliver the best possible solutions to our customers, ensuring they can create engaging and impactful content. We take pride in our industry-leading position and remain committed to driving innovation and excellence in all that we do.

What do we deliver

Our technology is used by customers worldwide to deliver live sports images, entertainment shows and breaking news content to billions of viewers in real time. Through our innovative solutions, we enable our customers to engage and captivate their audiences with high-quality and impactful content. We are proud to play a key role in bringing some of the most exciting and engaging moments in sports, entertainment and news to audiences all over the world.

Customer success

EVS became a key player in the live production industry, offering reliable and innovative technologies and providing first-class support to customers located around the world. Our focus on customer success has allowed us to remain at the forefront of the industry and we are committed to helping our clients grow as the industry evolves. To deliver on this promise, we continue to invest in the latest technologies, including our pioneering work in IP, artificial intelligence, multiple video resolutions and Cloud-based implementation. Through these efforts, we remain ahead of the curve and empower our customers with smart, reliable and scalable solutions that enable them to produce the best live stories today and in the future.

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International footprint

International footprint

HQ in **Liège,** Belgium

34 nationalities

€31.7m EBIT 2022

Founded in **1994**

613 full-time equivalents EOY 2022

€148.2m revenue in 2022

Publicly traded since **1998**

Our values

We are **customer-success focused**.
We value **teamwork**.
We are **accountable**.
We are **passionate**.
We aim for **excellence**.
We focus on **innovation**.
We are **agile**.

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CEO & Chairman interview

Foreword by Johan Deschuyffeleer, Chairman of the Board

"2022 proved to be a successful year, as we achieved significant progress in laying the foundation for our growth ambitions.

Johan Deschuyffeleer / Chairman

Dear Shareholders,

As a value company, we consistently strive to create value for our shareholders.

Firstly, we want to ensure an optimal return on investment by focusing on both organic and non-organic growth.

Our ambition for organic growth is to continuously improve our topline performance in a profitable way. We focus on developing the topline, in line with our PLAYForward strategy. In addition, we aim to ensure that the profitability of each of our solutions increases, growing the overall topline and gross profit results.

In terms of non-organic growth, we remain focused on our clear M&A ambitions. A lot of opportunities arose in 2022. However, after thorough evaluation, these opportunities were not considered right for EVS. Having not concluded any acquisitions in 2022, EVS has decided to launch a number of important internal R&D developments so as to be sure to capture a bigger market share in the future.

In addition to growth, we also want to ensure that we maintain an attractive dividend policy. Our dividend policy is a careful balance between delivering a steady short-term return on investment for our shareholders and allocating capital to invest in the company's future, thus creating a long-term return on investment.

Finally, as a company, we want to ensure that we support the sustainability of our planet.

By focusing on growth, both organic and non-organic growth, we strive to fulfill our mission without compromising the future of generations to come. This means that we focus on environmental, but also social and governance matters to build a bright future for all. Sustainability will be a key driver for all decisions related to all stakeholders.

2022 proved to be a successful year, as we achieved significant progress in laying the foundation for our growth ambitions. I would like to thank our CEO and the Leadership Team as well as all our Team Members at EVS who, on a daily basis, show commitment to and passion for our company and our customers, and who help us deliver the strong financial results you expect. And of course, I would like to thank you, our shareholders, for the trust you have placed in us. Thank you for being part of the EVS adventure.

Johan Deschuyffeleer / Chairman of the Board

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EVS CEO Serge Van Herck on achieving record growth, strengthening sustainability and setting priorities for the future.

In 2022, EVS experienced record revenue and record order intake for the second year running. What were the key drivers of this success?

Our success in 2022 can be attributed to the progress we made on the PLAYForward strategy that we established in 2019. Among the primary growth drivers was the continued development and rising interest in our Media Infrastructure offering, which confirms the success of our acquisition of Axon in 2020. Another major contributor to our success was our expansion in the North and Latin Americas (NALA) region, supported by an enlarged team. This helped us secure major contracts such as the Big Tech22 contract worth more than 50M USD over the next 10 years, among others. NALA is a crucial region for us, so it was encouraging to see such a big win there. And with 2022 being a year of major sporting events, we saw more and more live production teams using EVS solutions all over the world, which shows that our customers increasingly perceive the value of our offering. Overall, 2022 was a year of great achievements for EVS and I am incredibly proud of our team for their hard work, especially considering the challenges we faced. Even during times marked by inflation, rising energy prices, geopolitical tensions, COVID-19 and component shortages, they displayed unparalleled resilience and commitment to helping our customers create return on emotion.

> *I am incredibly proud of our team for their hard work, especially considering the challenges we faced.*
>
> **Serge Van Herck / CEO**

What were some of the most notable technological advancements for EVS in 2022?

It has been great to observe our customers' positive response to the Balanced Computing approach we introduced recently. This involves balancing cloud and on-premises infrastructure in a way that better meets our customers' needs in terms of budget, flexibility and reliability. We've also been making big strides in the development of our XtraMotion super slow-motion service and the MediaHub SaaS content exchange platform, both of which have won several industry awards. These solutions are prime examples of our Balanced Computing approach and also highlight the potential of using Artificial Intelligence in live production for more efficient operations. Also worth mentioning is our MediaInfra Strada SDI/IP routing solution which gained a lot of traction in the market last year, demonstrating the trust our customers have in our ability to help them smoothly continue their transition from SDI to IP. Lastly, we've been working on strengthening our Cybersecurity offering, because we understand how important it is for our customers to have that reliable layer of security in their broadcast operations. Overall, we've been really focused on building a complete EVS ecosystem where our solutions and products work seamlessly together and integrate smoothly with other third-party solutions. This is how we provide the most value to our customers and we're excited to keep pushing further the boundaries of what is possible in this area.

How does EVS plan to sustain this growth moving forward?

With the growth engine already launched, in 2023 EVS plans to focus on improving bottom-line profitability through a combination of revenue growth and a cost-conscious approach. We have several initiatives planned to help us achieve these goals, including the introduction of new solutions and functionalities that will enhance our ecosystem, increase our Service Level Agreement value and generate additional revenue. We will also continue adjusting our pricing in line with inflation and component cost increases, as well as expanding our Channel Partner program to reach new markets. To stay competitive and relevant in the industry, we will be prioritizing modernization and expansion projects, with a particular focus on gaining market share from competitors who are losing momentum, especially in the LAB market where we see strong growth opportunities.

> *We remain dedicated to delivering the very best for our customers and we're excited to show you how far we can innovate, evolve and grow as a company.*
>
> **Serge Van Herck / CEO**

Despite the challenges posed by supply chain and component availability, we are committed to keeping these issues under control so as to ensure prompt delivery to our customers. I am confident that with these initiatives, we will be well positioned to capitalize on the opportunities in the growing live production market, drive sustainable growth and improve profitability for EVS.

How important is ESG for EVS and how does it fit into the company's strategy?

We've always prioritized sustainability and the well-being of our team members at EVS, and in 2022, we made significant progress in our sustainability and ESG approach, resulting in several awards and positive ratings. We published our first ever sustainability report, which provides the foundation for our sustainability strategy and we also performed an internal and indirect carbon footprint analysis to identify areas for improvement.

More recently, we were named one of Belgium's Top Employers, which reflects our commitment to providing a sustainable and enjoyable work environment for our team members while supporting their personal and professional growth. We firmly believe that being a responsible corporate citizen is not only the ethical thing to do, but it's also good for business. Moving forward, we're dedicated to continuing to lead by example and set the standard for sustainable business practices in our industry.

What are you looking forward to in 2023 and beyond and what will be your main priorities as a company?

EVS has always been driven by a spirit of innovation and a desire to push further the boundaries of what is possible in our industry. This year, we are determined to continue that legacy by exploring new opportunities to further innovate and support our customers active in the premium live environment. As I've already said, we will be laser-focused on achieving profitable growth, and we will do so by strengthening our ecosystem of solutions and expanding our portfolio both organically and through external growth.

Let me conclude by expressing my sincere gratitude to our team members, customers, EVS operators, business partners, and shareholders for their unwavering support of EVS. We couldn't do this without you. As we embrace the future, I can assure you that we're ready to tackle any challenges that come our way with open minds and a positive attitude. We remain dedicated to delivering the very best for our customers and we're excited to show you how far we can innovate, evolve and grow as a company.

Introducing EVS

EVS as a leader in Live Production...

Over the past 29 years, EVS has acquired the well-deserved status of the top brand in Live TV Production.

For a Live TV Production, large numbers of cameras are installed either in a studio or around a sports field or concert stage. All the content from these cameras – many gigabits per second of video, audio and data signals – has to be processed in real time by production equipment and the production staff.

EVS products not only record all the content but also provide the dedicated hardware and software tools for the production staff – working under the huge pressure of live productions - to decide which video angle will be seen by the audience and when, manage the content and produce unique effects to create the story and the related emotion for the audience.

EVS hardware and software products are used during live productions both to prepare the live production itself and to build and run programs before and after a live event.

... far beyond slow-motion replay during televised sporting events...

EVS is well known for its iconic high-end XT live video server used for slow-motion replay during live televised sporting events. But this is not the whole story.

EVS has broadened the scope far beyond replay servers, providing support for many live and non-live workflows to ingest various kinds of content and playout in many different circumstances. The acquisition of Axon in 2020 extended the solutions portfolio to cover the routing, conversion and control of all live video, audio and data signals across all production equipment.

With audiences adopting new behaviors, the scope of production and thus EVS workflows has been extended far beyond television to encompass all kinds of digital media.

Even though sporting events are probably the most demanding in terms of production as they are unscripted and the audience expects to be able to (re)view the key images from every angle in just seconds, EVS products are also increasingly used for news and entertainment programs, outdoors or in studios.

With audiences adopting new behaviors, the scope of production and thus EVS workflows has been extended far beyond television to encompass all kinds of digital media.

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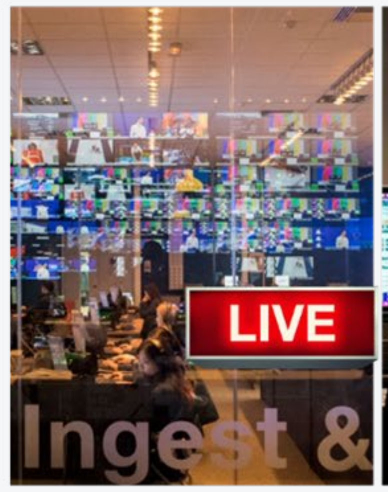
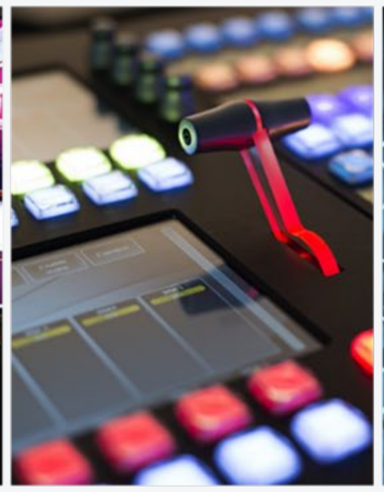
PASSIONATE SINCE 29+ YEARS
WE WANT TO CONTINUE TO MARK THE DIFFERENCE



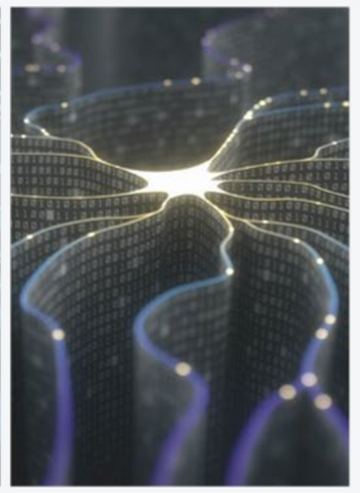
Most reliable/robust live content recording & playout system

Largest community of highly skilled operators living and breathing EVS



Practical tools crafted for *live* production

Responsive and valuable field support & engineers



Solid partner investing in innovation and adding value/cost efficiency to core products

... based on strong foundations

EVS has established a reputation as a strong brand based on five foundations. To ensure the long-term sustainability of its unique position, EVS has a duty to continue to make a difference on these five foundations.

1. The EVS brand is strong, underpinned by the excellence of its products, especially in live circumstances as described above.
2. EVS has always designed products for premium shows, naturally gathering communities of highly skilled operators who, in turn, are able to make a difference.
3. Listening to customers, and especially to these communities of operators and technical directors, has always been essential for EVS to build practical innovations, going the extra mile for the industry, sometimes facilitating the introduction of new formats, sometimes simplifying and automating the tasks so as to produce more with less.
4. EVS team members are known for their quality, responsiveness and knowledge of workflows. The standard of support they provide and their dedication is recognized in the industry. Sometimes, EVS is even asked to aid so as to identify workarounds when products from other vendors fail or the support provided by other vendors is not fit for purpose. Thanks to EVS's understanding of the challenges of live productions, our knowledge of the many possible workflows and the flexibility of EVS products, EVS teams never hesitate to provide the necessary support so that such productions can take place in the best possible conditions.
5. Finally, the fifth foundation is about being a sound and trusted partner that is financially healthy in the long term. Backed up by strong profitability, EVS invests 50% of its human resources in R&D to continuously modernize existing products and to broaden the scope of the workflows supported by developing new components and solutions, organically or through partnerships and/or acquisitions.

> *To ensure the long-term sustainability of its unique position, EVS has a duty to continue to make a difference on these five foundations.*

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Market trends

Constantly evolving media landscape

The media landscape is constantly evolving, and broadcasters and media companies now have to produce content for an ever-increasing number of platforms. In order to attract audiences, a wide range of content is needed to appeal to various niches and topics of interest. In terms of revenue, however, the advertising industry may be challenged by slower growth. This means that it has to find ways to transform and produce more with less.

High inflation, the energy crisis and ongoing Covid lockdowns in some regions have accelerated this trend.

But advertising is not necessarily the source of revenue for everyone. Big Tech players are investing more and more in sports rights – especially in the US - through long-term contracts to provide higher value to their subscribers. So live sports production remains critical and continues to be further developed for rights holders in order to differentiate their multi-dimension subscription offerings from their competitors.

Need for modernized infrastructure

Modernization of infrastructure and changes in tooling and practices are key to achieving this efficiency goal. As technologies mature, media flows are moving from SDI to IP, enabling more efficient scaling and easier evolution towards software-based solutions. Products and solutions are also evolving to become as software-based as possible, while still recognizing the value of hardware for certain tasks such as the efficient and low-latency processing of uncompressed high-throughput video flows.

After the accelerated development of Remote Production, the industry is discovering the virtues and limitations of the various models. EVS products and solutions now cover the models that are relevant for premium productions.

Thanks to our "Balanced Computing" approach, EVS also ensures that the cloud can be used where and when it is most relevant in the workflow. XtraMotion and MediaHub are two examples of SaaS services that can be hosted in the cloud and effectively enhance workflows supported by on-premises equipment.

Many customers appreciate the smooth, leapfrogging approach of the EVS Media Infrastructure Strada routing solution. This solution establishes a beachhead in IP with an IP core network surrounded by Neuron bridges to support legacy devices during the transition. It also allows the same Neuron to be reused for the deployment of other applications thanks to the virtualization concept. In 2022, we saw emerging multiple-key projects in the US, where Cerebrum and Neuron are deployed. Customers in the US and other regions recognize the value of a central control system in improving productivity and ensuring responsiveness through a centralized view of all processes and equipment displayed on effective dashboards. These dashboards were quickly developed by our Channel Partners using the capabilities of the Cerebrum Form Designer.

Now more than ever, the overall ecosystem is important for our customers so as to leverage optimal workflows. For example, MediaHub provides leagues and host broadcasters with all the necessary facilities to easily expose event content to the different broadcasters and facilitates the exchange of relevant moments in the broadcaster workflows for fast play-out "on-air".

Artificial intelligence is injected into different parts of the workflows to ease the overall production process, identify key actions saving valuable time and improve production quality.

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Need for practices to evolve

In addition to modernizing infrastructure and adopting more software-based solutions, we are also seeing a trend towards increased automation in the production process. This automation can be achieved using scripting or artificial intelligence and it leads to improved efficiency and consistency in the production process. This shift towards automation also moves the workload from live production to preparation, freeing up resources to focus on other areas of the business. Overall, the adoption of automation practices helps broadcasters and media companies to produce more with less, while still maintaining high levels of quality and consistency in their content.

The contract with RTBF (a public Belgian television channel) for co-development of the Flexible Control Room is addressing this challenge: the Change Management process started well prior to the project and remains constantly in sync with more technical aspects.

Carbon footprint and ESG as a growing priority

There is a growing awareness of our carbon footprint and the need for sustainability in our industry. Customers are increasingly including specific requirements and clauses in their purchasing processes to ensure that their environmental, social and governance (ESG) commitments are met.

Thanks to its HW-based solutions and the concept of virtualization, EVS already optimizes the power consumed during a production. Further reducing our carbon footprint has been integrated as a key criterion for the design of the new products and solutions.

> *There is a growing awareness of our carbon footprint and the need for sustainability in our industry.*

Increasing demand for OPEX based business models

Additionally, there is a gradually increasing trend towards more operational expenditure (OPEX)-based business models, particularly to better align the shape of costs with the shape of revenues to cope with variable loads.

More support services required

Software & IP lead to complex infrastructure, requiring consulting services and support from vendors and trusted partners throughout the modernization process. Thanks to the new Channel Partner program, our partners are better placed to support our customers during this transformation.

Inflation & component shortage

EVS extended the period between order and delivery early in 2022 in order to cope with electronic component shortages. With this extension and thanks to the huge efforts made by all the teams, none of our customers received their equipment later than expected and EVS has been able to fulfill its promises. Thanks to the company's strong financial position, EVS invested in additional inventory so as to ensure that customers' expectations are systematically met.

EVS has been able to reflect the component cost increase and salary impacts by adapting its solution prices.

EVS solutions & key successes

Embracing a solution-oriented approach

During 2022, and for the first time since the pandemic, we were able to showcase our newly defined LiveCeption, MediaCeption, MediaInfra and MediaHub solutions at major trade shows in the industry. This represented a significant step in the evolution of our value proposal as we shifted from a product-oriented to a solution-oriented approach, driven by our PLAYForward growth strategy established in 2019. This new approach focuses on delivering integrated solutions designed to enable efficient live production and replays, speed up the media creation and management process, and build robust and flexible media infrastructures in any production environment.

LiveCeption

Advanced storytelling tools and services fostering speed and creativity

Our LiveCeption solutions for live production, replays and highlights help to enhance the visual narrative of all types of productions. Built on the powerful capabilities of our flagship LSM-VIA replay system and XT-VIA live production server, LiveCeption Signature is our premium offering that caters specifically for high-profile and large-scale sporting events to provide the best quality viewing experience. Meanwhile, LiveCeption Pure is our entry-level solution intended for productions on a tighter budget, but still in need of a reliable and high-quality solution.

Latest developments

To bring even higher value to today's biggest shows, we've focused on extending the capabilities of our premium LiveCeption Signature solution. Introduced for the first time at IBC 2022 and scheduled for official release in 2023, our MultiReview software browsing interface has been designed to allow LSM-VIA replay operators to view up to 16 synchronous camera angles from the EVS XNet-VIA media sharing network in a customizable layout. In addition, further enhancements have been made to XtraMotion, a unique SaaS, AI-based video generator which uses frame interpolation to produce super slow-motion footage from any camera. With several industry awards under its belt, XtraMotion has gained popularity and was used at several major sporting events last year. A new version of the service, in line with our Balanced Computing approach, is expected to be released ahead of NAB 2023, promising faster turnaround times and more flexibility for our customers.

→ Learn more about Balanced Computing

Customer success story

TV 2

Following an impressive broadcast rights deal, TV 2 Norway selected service providers NEP Norway and DMC Production to cover the Norwegian broadcaster's growing sports portfolio using EVS's live production and VAR solutions.

→ Read more

Big Tech 22

In August 2022, we announced our largest contract ever. The "Big Tech 22 contract" is a 10-year deal worth over $50 million with a major US-based broadcast and media production company. The agreement, which includes the delivery of our LiveCeption Signature solution combined with a long-term service level agreement (SLA), comes as big tech companies intensify the competition with linear networks to secure live sports content.

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MediaCeption

Swift content turnaround with high-quality results

Using our MediaCeption solutions, production teams can manage the ingest of multiple live feeds, import files , log and manage content and swiftly retrieve what they need to play out in studios or publish on digital platforms. Built on an open, modular architecture that supports integration with certified third-party Media Asset Management (MAM), automation, archiving and post-production solutions, our MediaCeption solutions also enable efficient collaboration between production teams, whether they are working on-site or remotely.

Latest developments

Officially launched in April 2022, our MediaCeption Signature end-to-end live production asset management solution allows users to manage all content and media workflow functions from a single web interface. It features system monitoring and complete workflow orchestration, making it easy for users to perform all tasks efficiently. The solution was later enhanced with the launch of IPDVIA Create, a web-based, cloud-ready video editing application which fully integrates with MediaCeption Signature, allowing users to perform complex editing operations directly from within the EVS VIA ecosystem to match the speed of live video production.

Customer success story

ProSiebenSat.1 Media SE

In preparation for its move to a new campus in 2023, the leading German media and digital group has chosen to use an EVS-based system involving the LiveCeption and MediaCeption Signature solutions. The setup will allow production and editorial teams to benefit from flexible and new collaborative workflows to create fast-turnaround content for ProSieben's live sports and entertainment formats.

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MediaInfra

Smooth execution of streams in any environment

Our MediaInfra solutions offer highly advanced broadcast control, monitoring, conversion and real-time processing for SDI, IP and hybrid broadcast infrastructures. Widely deployed across the globe and comprising our Cerebrum, Neuron and Synapse product lines, these solutions have been designed to make any broadcast environment reliable, flexible and easy to maintain.

Latest developments

Among the latest updates to the MediaInfra portfolio is the introduction of Neuron COMPRESS, offering real time JPEG XS compression as well as the award-winning Neuron PROTECT, which provides intelligent backup switching for fully redundant broadcast infrastructures. Furthermore, additional improvements have been made to MediaInfra Strada, our versatile IP/SDI routing solution. We have recently transitioned from a one-size-fits-all approach to a more adaptable one, offering various size options to better cater for our customers' requirements. MediaInfra Strada is an integral part of the Fox Sports Jewel Events flypack solution, which was deployed in Qatar towards the end of 2022 and for the Big Game in Arizona in early 2023.

Customer success story

CANAL + Group

Our long-standing customer CANAL+ Group enlisted our help once again for their latest transformation journey in deploying a new IP-based infrastructure for their new CANAL+ ONE headquarters in Paris. The infrastructure combines on-premises equipment with software-defined and cloud-based solutions to improve live operations, enhance workflow capabilities and provide an engaging media experience for the audience. Cerebrum is at the core of the setup, offering advanced visual control for production and flexible orchestration of all devices for the engineering teams.

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RTBF

RTBF partnered with EVS to develop a flexible control room solution based on EVS's Cerebrum broadcast and monitoring system ahead of the Belgian broadcaster's relocation to its Media Square production facility in 2024. The solution aims to introduce a common production environment that users can access through a flexible interface, for increased productivity and creativity across RTBF's TV, radio, and digital platforms.

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MediaHub

Efficient distribution of content to rights holders

EVS MediaHub is a SaaS platform that maximizes the reach of live events by publishing and distributing non-linear, live and near-live content with rights holders online. In addition, it offers a suite of media functions to meet the production requirements of digital and broadcast rights holders worldwide. With this solution, EVS supports content owners in virtualizing the physical infrastructure of an IBC and monetizing their content, while preserving the quality, reliability and usability of onsite deployments. At the same time, MediaHub ensures that content takers and rights holders become more effective and efficient in their remote production workflows.

Customer success story

Euro Media Group

Used for the live coverage of the 2022 European Athletics Championships in Munich, EMG chose EVS's new content exchange platform to facilitate the sharing of high-resolution content created with the LiveCeption ecosystem with all the different rights holders, who can easily browse and download their tagged clips and highlights from any location.

→ Watch video

United World Wrestling

As part of its digital transformation plan, UWW deployed MediaHub to enable fast and effortless live content sharing with rights holders, remote video editing and easy access to archives. The result is an improved viewing experience for fans, new monetization opportunities for UWW and seamless access to content for rights holders.

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Customer satisfaction

EVS achieves "great" NPS score in global customer satisfaction survey

As a company focusing on customer intimacy, regularly assessing customer satisfaction is a key priority for us. In September 2022, we conducted our first global Net Promoter Score® (NPS) survey to gauge the satisfaction, enthusiasm and level of advocacy of our customers. Over 1,200 customer contacts, who were identified as either heavy influencers or decision-makers, were asked the question: «On a scale of 0 to 10, how likely are you to recommend our business to a friend or colleague?»

The NPS survey is an efficient way of measuring customer satisfaction, as it is easy to administer, simple for respondents to complete and widely seen as one of the best predictors for a company's growth. With scores ranging from -100 to 100, a score of over 0 is considered good and a score above 50 is considered excellent. Respondents are grouped into "promoters" (ratings 9 or 10), "passives" (ratings 7 or 8), and "detractors" (ratings 6 or lower).

Our survey results showed a score of 49, which is considered "great" on the NPS scale, with 56% of respondents giving a score of 9 or above, 38% giving a score of 7 or 8, and only 6% giving a score lower than 7.

As we are committed to monitoring our progress, we will be conducting this survey twice a year. We also plan to expand the NPS methodology to cover other areas of our business, including our support and training activities, to ensure that customer and user satisfaction is tracked at every level.

As we are committed to monitoring our progress, we will be conducting this survey twice a year.

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Channel Partners

Proven benefits of the new Channel Partners program

During 2021, EVS launched a new Channel Partner program to both better help our customers with their transformation challenges and support EVS's planned growth.

"Collaborative", "Empowering" and "Personalized" were the three keywords of the new program, which aimed to create sustainable relationships between EVS and its partners.

2022 proved the efficiency of the new program. The roll-out continued. EVS signed new key contracts through existing partners and continued to onboard new partners.

The industry is going through a transformation. Such a transformation cannot rely solely on technological progress. It is also vital for customers to engage in change management programs and business process modelling and to upgrade production practices. EVS's Channel Partners can help our customers to achieve this transformation beyond the deployment of the new EVS solutions.

Collaborative

After the Covid interruption, our US- and Western Europe-based EVS demo vans resumed their tours to support Channel Partners by providing targeted demos at customer premises. The tours are co-defined with Channel Partners to ensure that the right products, solutions and workflows can be addressed during conversations with customers.

Some events were also organized jointly in different regions of the world.

The collaboration between Channel Partners and EVS is not always about Channel Partners referencing deals to EVS. EVS also brings opportunities to local Channel Partners so that customers can benefit from certified and experienced staff to implement their transformation beyond the deployment of a technical solution.

Empowering

The Channel Partner portal has been redesigned to facilitate access to sales enablement content and training materials.

In 2022, training and sales enablement initiatives focused mainly on Media Infrastructure, since EVS partners were not necessarily familiar with this solution. An in-person meeting is the ideal way to see, touch and discover the new generation of products.

Specific Media Infrastructure workshops were organized in our Gilze (NL) office – home to our key Neuron IP-based processing experts – with Channel Partners from all over the world so as to explain the benefits of the solution. Other workshops were organized internationally.

Personalized

As regards Personalization, dedicated workshops were organized to support partners dealing with advanced offerings.

The success of Cerebrum deployments in the US in 2022 was also due to partners understanding the value of the pervasive control system. Partners in different parts of the world were trained and certified, allowing them to develop specific workflows that improved control, production quality, and efficiency. Specific Cerebrum training was conducted with interested partners globally, resulting in partners being certified and capable of leveraging the power of the EVS ecosystem to bring value directly to their customers.

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EVS's journey in a transforming broadcast industry

In 2019, EVS set in motion an evolution to prepare for and cope with the various levels of transformation currently underway: changing audience behaviors, adoption of IP technologies and IT equipment and practices, more flexibility and higher productivity required during production, new video formats for input and output.

Thanks to the PLAYForward strategy exercise undertaken in late 2019, the various developments were crystallized in seven dimensions. Today, the company tracks the different actions taken and the progress made through these seven dimensions.

For the last two decades, EVS has been a product leader for live production replay servers, introducing more and more components into the production workflows around the XT server to build various solutions. The objective is to become the leading solution vendor in the live production industry, broadening the scope of our offers. In the last three years, the whole portfolio has been reshaped around LiveCeption, MediaCeption and MediaInfra solutions. In parallel, hundreds of workflows have been certified with various technology partners to provide added value for our customers based on pre-integrated tested and validated solutions, de-risking and accelerating project rollouts. Solutions have been deployed in key customers' environments and are now operational, to the satisfaction of these customers.

EVS is a premium brand, delivering superior solutions that focus on comprehensive workflows and unmatched reliability, responding in full to the requirements of high-end productions. On the other hand, we are seeing an increase in productions with less demanding requirements. We are therefore continuously creating solutions to meet the new needs of some of our customers and address the needs of new customers that were previously unable to afford an EVS solution. With LiveCeption Pure – based on XT-GO – or Xeebra Essential, EVS proposes solutions that offer the same level of reliability and quality of experience in terms of operation but with lower capability to scale. At the same time, a new Channel Partner program has been developed to transform our relationship with system integrators and resellers from a more opportunistic approach towards a sustainable win-win relationship that rewards mutual loyalty.

From a 2015 company...	Successful Axon integration	...to a 2025 group
Product market leader	**X00s Workflows** certified with **3rd-party tech patners** Portfolio branded in terms of **solutions**	Solution market leader
In premium market	Good traction ox XT-GO for **smaller** OBVans New **channel partner** program ready	In different market tiers
Selling in CAPEX only	Longer SLA **subscriptions** Launching SAAS **subscriptions as** XtraMotion	Selling in OPEX & CAPEX
SDI replay centric systems	**Developpment of Media infrastructure** portfolio More and more AI in the solutions	IP TCO optimized media solutions
On EVS HW	Pure **SW** solutions (PAM & servers) deployed XtraMotion in the cloud	As SW on COTS, Cloud & EVS HW
For on-prem live production	LSM-VIA further refined for **remote** production XtraMotion as a new form of hybrid workflow	For live anywhere operation
Mainly in sports	More & more transverse broadcast center modernization contracts	In sports, news & entertainment

Over the last years, we have observed an increased appetite among our customers for new business models. Today, the vast majority of our product portfolio can be sold as both perpetual licenses and yearly subscriptions. The concept of "EVS Credits" for XtraMotion is currently being extended so that customers can purchase "On-Demand Activated" licenses enabling them to activate extra capacity or licenses for a limited period or special events. MediaHub – hitherto largely used for major events to distribute content from right owners to the many right holders - is also now offered through a SaaS business model to serve right owners of medium size events. Thanks to the redefinition and improvement of our Service Level Agreement range in 2019, we are also seeing a greater take-up, especially in terms of the duration of the subscriptions. Appetite for Service Level Agreements in the LSP market is also growing as proven by the SLA component of the Big Tech contract.

With the acquisition of Axon in May 2020, EVS significantly extended the solution portfolio now covering Media Infrastructure. With "replay centric and ingest/playout workflows", EVS was limited in terms of relevance for some customers. All customers have Media Infrastructure needs. This acquisition has therefore increased the target market, not only as regards the scope of the solution but also as regards the potential customer base. This transformation is leveraging the transition to IP, especially with the recent successes of the EVS MediaInfra Strada routing solution, which is gaining traction in many areas, including in North America, as proven by Fox Sports contract announced at NAB. Since Axon was not significantly present in NALA, this deal also demonstrates EVS's ability to enlarge the scope of territories for acquired companies when the product is good.

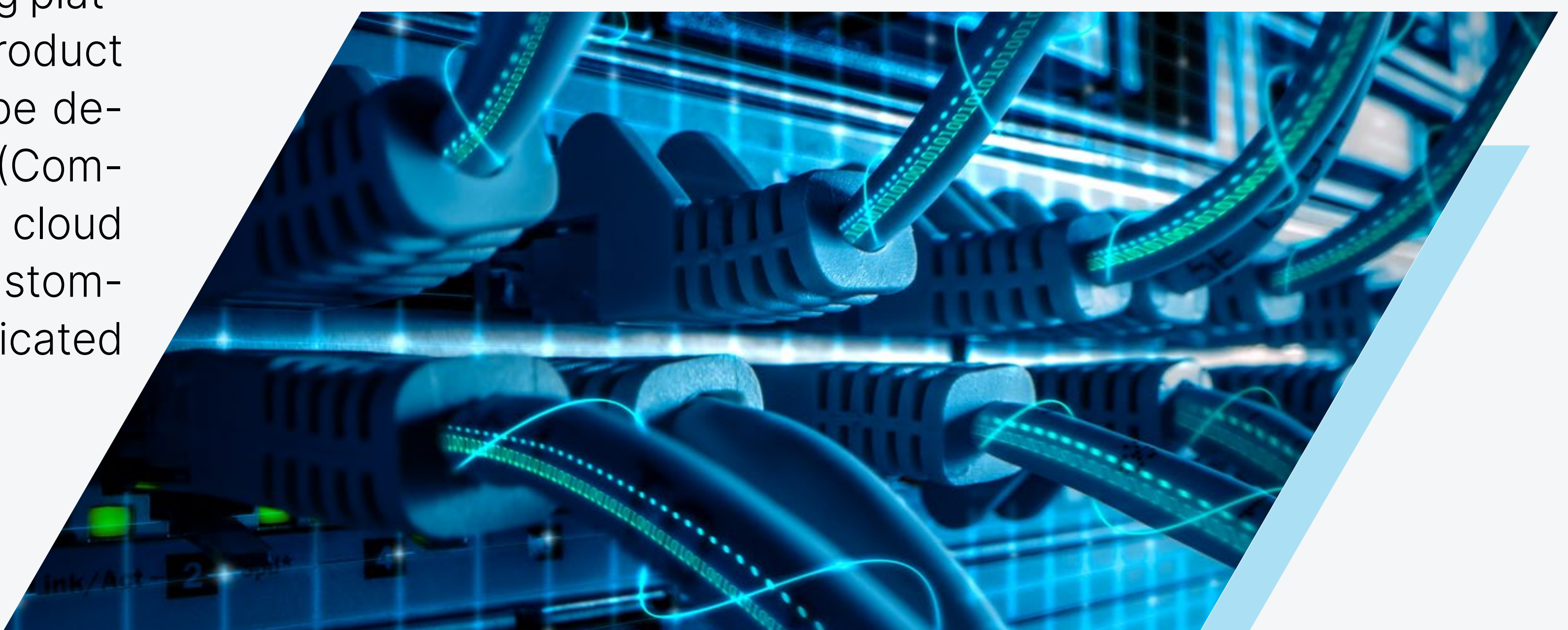
Although over 90% of the EVS R&D team now works on SW, EVS is still sometimes considered to be a HW company. Today, after a major renovation of the underlying platform and technologies, most of our product portfolio is available as SW that can be deployed on a third-party data center (Commercial Off-The-Shelf servers) or a cloud infrastructure. Nevertheless, most customers still prefer to deploy on EVS-dedicated HW that is optimized for broadcast workflows and reliability.

In 2015, nearly all premium productions took place "on-premises", at the venues. Today, accelerated by Covid, EVS solutions can cope with "live anywhere production" thanks to LSM-VIA. With IABM BAM awarded XtraMotion, EVS also demonstrates the power of Balanced Computing, when part of the workflow is undertaken in the public cloud and part "on-premises", while the whole can be fully controlled remotely. Some customers prefer to deploy XtraMotion in the OB Vans to shorten the workflow completion times. XtraMotion will therefore also be offered as XtraMotion Edge with the possibility for the customer to rent a dedicated HW with onboarded SW.

EVS is well known in the sports sector, although our products have also been used for news and entertainment workflows from the very beginning. With the willingness of our customers to modernize their platforms by adopting a centralized approach for their various kinds of production, EVS wants to broaden the scope of its range to leverage the new production methods and offer new flexible production tools for various types of programs. The Flexible Control Room concept, co-designed with RTBF, goes far beyond sports and leverages a central operation and control platform based on Cerebrum and full IP technology to manage all kinds of productions (radio, TV, digital) produced from the new building.

This overall transformation will be implemented thanks to organic growth, by developing new tools and market applications and by acquiring companies that offer complementary products, as was successfully done through the Axon acquisition.

EVS wants to broaden the scope of their offering to leverage the new production methods and offer new flexible production tools for various types of programs.



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EVS as a value company

EVS is a strong brand known across the world for its technological leadership and its reliability in providing live video technology for broadcast and new media productions. Our passion and purpose are to help our customers craft compelling stories that trigger the highest return on emotions.

As a value company, we consistently strive to deliver a solid return on investment. We aim to achieve this by focusing on the following elements:

- Securing long-term sustainable growth
- Improving the profitability of our solutions
- Maintaining a strong balance sheet
- Delivering a steady dividend policy
- Focusing on sustainability

Securing long-term growth

EVS aims to achieve growth in its topline performance. Increased order intake, revenue and backorders are important milestones along the path towards this objective. The goal is to grow organically, above and beyond the impact of Big Event Rentals. Our PLAYForward strategy helps us to ensure this organic growth and several past events are now demonstrating the fruits of this strategy. One clear example is the Axon acquisition of May 2020, which was not only a considerable growth driver for EVS in 2022 but will continue to be so in future years. This acquisition is expected to deliver its full potential.

Besides organic growth, EVS also has a clear M&A ambition. Despite having analyzed multiple opportunities, EVS has not concluded any new acquisitions in the past two-and-a-half years. As a valid alternative, at the end of 2021, the company decided to launch a number of specific R&D developments internally. These developments should enable EVS to capture new market share as from 2024. Our M&A efforts will continue throughout 2023, the aim remaining to broaden our offerings.

Improving the profitability of our solutions

Besides topline growth, EVS also focuses on optimizing the profitability of each of the solutions to enhance the contribution made by each one to our net profit. 2022 proved to be a challenging year in this context, with rising component prices and increased labor costs. In this respect, EVS has implemented a systemic price increase policy with price revisions twice a year. In addition to this pricing policy, we also focus on optimizing the overall profitability of our solutions: finding new ways of designing, sourcing, assembling, and producing our solutions, etc. The goal of these initiatives is to improve the overall value of our gross margin.

"EVS aims to achieve growth in its topline performance. Increased order intake, revenue and backorders are important milestones along the path towards this objective.

Maintaining a strong balance sheet

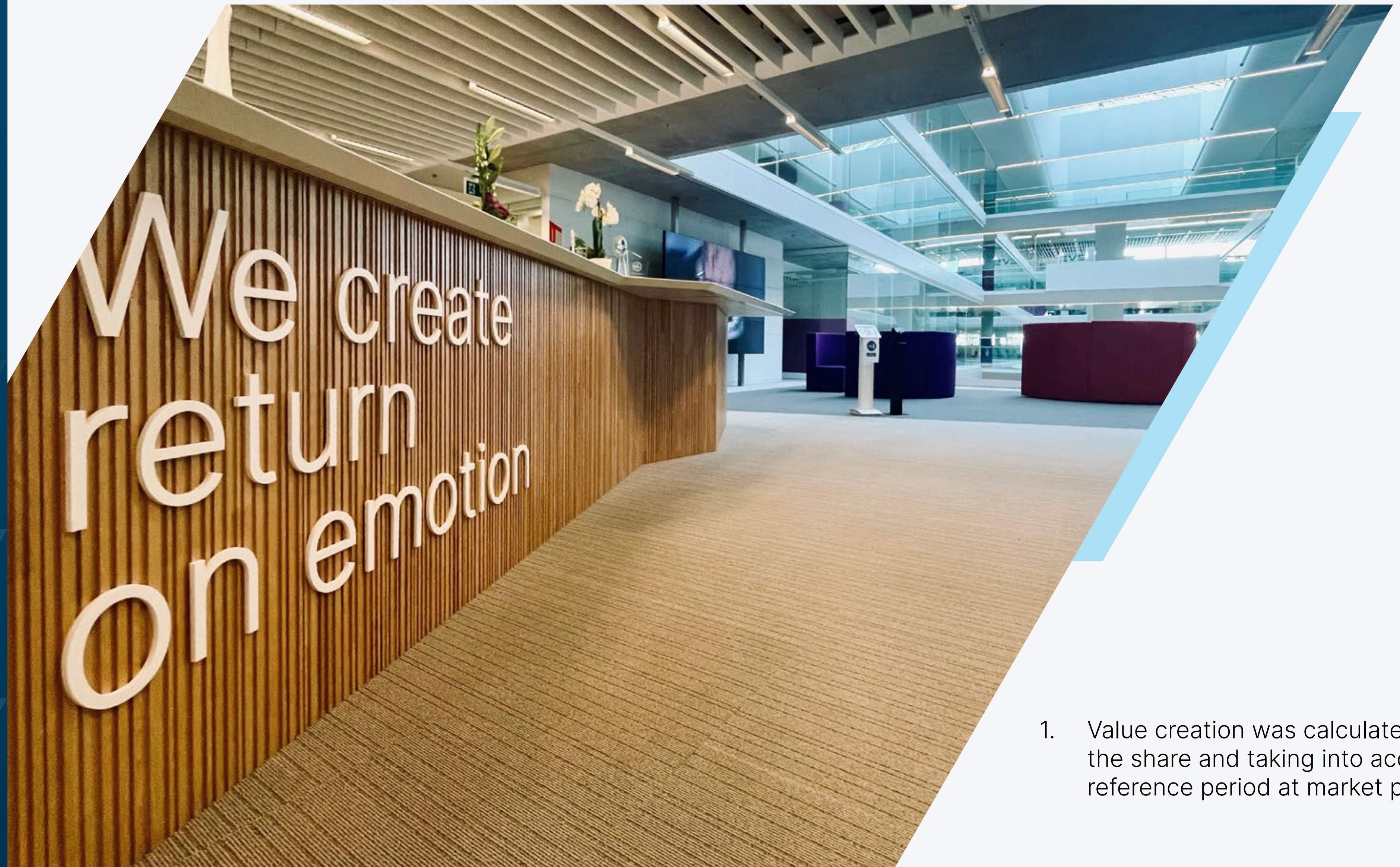
A strong balance sheet allows a company to be resilient and maintain its strategy, even if times are tough. This is exactly what EVS was able to do in 2020, when COVID-19 hit the world. EVS continued to implement its strategy, concluding the biggest M&A deal in its history by acquiring Axon. In addition, our strong balance sheet allowed us to carry on with our research and development, enabling us to keep investing for the future. The strong balance sheet was also beneficial for the company in 2022. Given the erratic market conditions for electronic components (in terms of both availability and cost price), EVS was able to pro-actively invest in its inventory to ensure that we continue to fulfill our client promises.

Delivering a steady dividend policy

EVS aims to deliver a steady dividend policy for its shareholders. This to ensure a short-term but long-lasting return on investment for everyone investing in EVS. The dividend policy is a careful balance between a return on dividend and a return on investment of capital reinjected into the company to fuel future growth.

Focusing on sustainability

Corporate sustainability is central to EVS's strategy. We have a long-term commitment to the environment, our customers, our team members, and the communities in which we operate. We constantly practice and demonstrate this commitment through various initiatives that create an impact for the wider world.



Within this context, in 2022 we received the Wallonia Innovation Award (AWEX). Innovation has always played an important role in EVS's growth. The company continues to help its customers adapt to new trends and changes in the industry by developing new products and solutions for transitioning to IP, leveraging the cloud to increase production flexibility, and using AI to enhance live storytelling and reduce their carbon footprint.

The sustainability objective is increasingly present in some of our key processes, such as production and the supply chain. Finally, as a growing, global company, we are focusing more and more on our processes and our governance, ensuring transparency and consistency in all we do. We deployed a Business Process Management initiative to create an overview of all our processes, giving us an end-to-end picture of our operations. This initiative allows us to challenge the existing situation and continuously adapt to best-in-class practices.

Our efforts in terms of sustainability are paying off: in 2022 EVS has been announced the winner of the Environmental Sustainability award at the annual IABM awards celebrated in London on 1 December 2022. Judges recognized the company's significant efforts to reduce its carbon footprint and its commitment to wider ESG needs.

All in all, EVS is a value company that offers great assets for investors:

- Strong leadership position in selected markets
- Premium reputation based on the reliability and flexibility of its products and services
- Growing installed base with strong customer loyalty
- Sound financial results with a strong balance sheet
- Consistent dividend policy
- Strong corporate sustainability spirit, fully embedded in our corporate strategy roadmap

EVS is recognized within the market as a value company. An analysis carried out by Value Square Asset Management recently demonstrated that EVS is among the top contributors when it comes to value creation[1]. In the past 15 years, EVS has systematically (11 times) been ranked among the top three value creators in a comparison of all Belgian listed companies.

1. Value creation was calculated by Value Square Asset Management over a period of 10 years based on the change in the book value of the share and taking into account the cumulative dividend over the same period. The total is adjusted for capital increases linked to the reference period at market prices higher than the book value of the share in the previous year.

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Our team members

At EVS, we firmly believe that our team members make the success of the company. Their performance, their well-being, their knowledge, etc. all have a direct impact on our reputation, our customer satisfaction and ultimately, our financial performance.

We ended 2022 with 613 FTEs, 350 of whom are based at EVS headquarters in Liege, Belgium.

In 2022, EVS started or continued several initiatives to further improve the well-being of its team members so as to ensure that they all have an enriching and healthy career at EVS.

Some initiatives are listed below:

Soft mobility

To further encourage soft mobility and promote cycling in the company, EVS provides employees with bike storage facilities, appropriate EVS outfits, lockers, changing rooms and showers as well as equipment for minor repairs and maintenance.

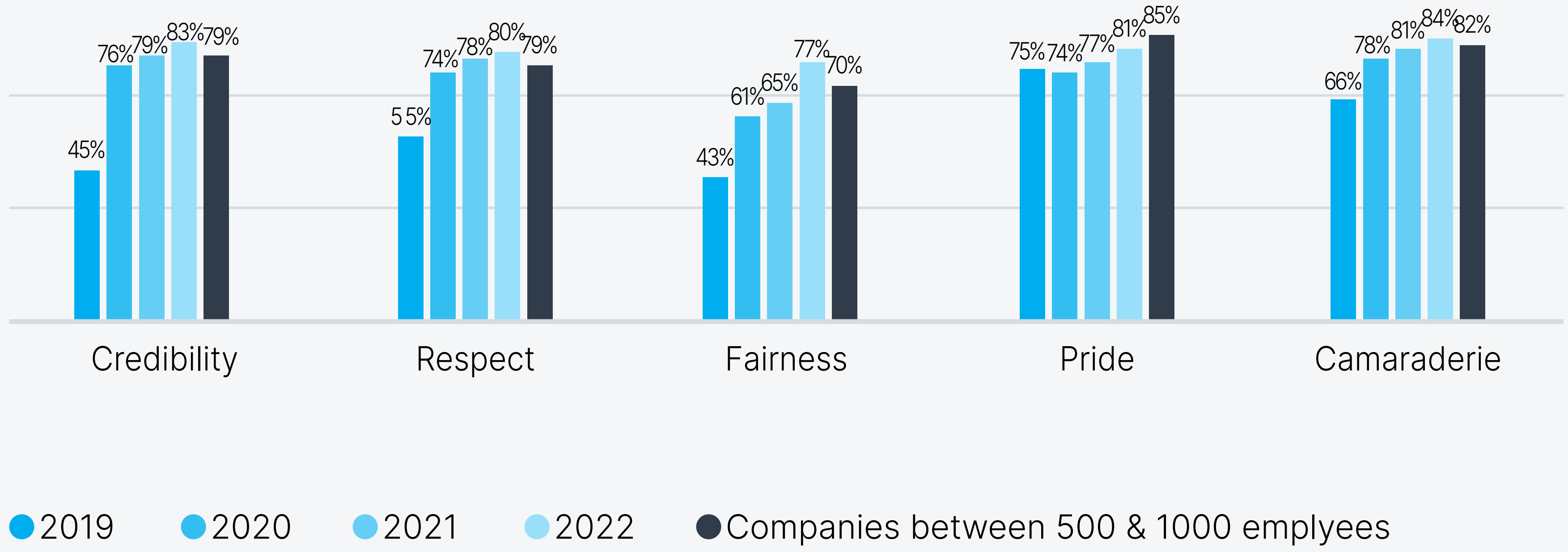
Team member commitment survey

Why a commitment survey? Whatever the definition, all experts agree that there is a strong connection between the level of commitment within a company and business results.

Hence the importance of measuring the commitment of our team members.

But measuring is not enough. **It's not about raising the numbers, it's about what the numbers raise and about the actions you are going to take.**

EVS conducts this commitment survey on a yearly basis and the following criteria are analyzed:



Beyond the many benefits and opportunities we offer, we pride ourselves on successfully cultivating a corporate culture that people are excited to remain part of. A culture where team members are valued, innovation thrives and customer success is achieved.

Pierre Matelart / Chief People Officer

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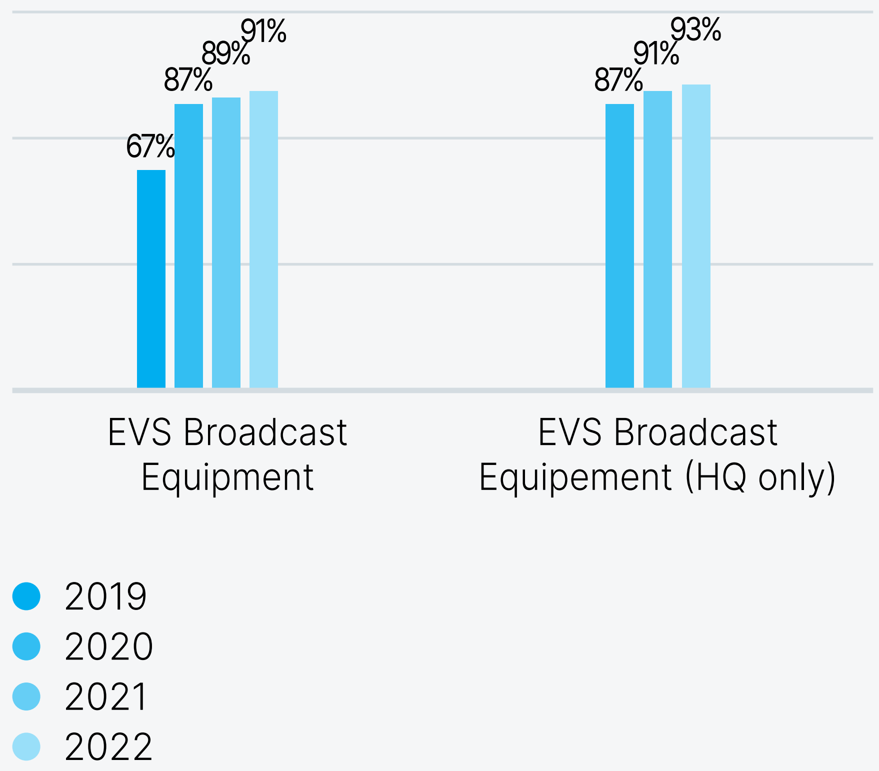
Since the survey was first launched in 2019, the scores for all the criteria have systematically increased. The score for the specific question "*Is EVS a Great Workplace?*" has also improved year after year, reaching **91%** of team members who agree with this statement in 2022.

We are proud of this result. It clearly shows that EVS is a great workplace and deserves the Top Employer certification received at the beginning of 2023.

Is EVS a great workplace?



Top Employer

The worldwide certification program of the Top Employer Institute evaluates companies on their Human Resources policies and rewards those who provide their employees with the best working environment. The entire Human Resources policy is scrutinized through an audit and a survey which covers six areas and 21 topics, including skills development, training, talent management, sustainability, well-being at work and diversity.

Thanks to this certification, we are recognized on the job market as a quality employer and it is important for us to know that the priority we give to our team members and the HR policy that has been in place for years are going in the right direction. Top Employer also allows us to compare ourselves to other certified companies so that we can continue to improve our Human Resources policy.

Being certified Top Employer Belgium 2023 not only means that we deliver the best solutions for our customers. It also means that we strive to deliver the same for our team members.

We strive for excellence together and we achieve great things together. We do this by strengthening our culture of innovation and accountability year after year.

> *The Top Employer certification recognizes our dedication to our team members who are the foundation of EVS's success and who all play a crucial role in our mission to help our customers create emotion for billions of people around the world, every day, wherever they are*

Serge Van Herck / Chief Executive Officer

Learning and Development organization (L&D)

As a development & learning organization, EVS facilitates the learning of its members by providing easy access to several training courses.

L&D is part of every team member's lifecycle. It is crucial to develop our team members to give them the ability to support EVS's ambitions.

Our L&D Policy applies to all team members and aims at getting the most out of each team member's potential to ensure that they all evolve with the company.

All training courses are available to all team members on the human resources intranet website.

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Sponsorship

Every team member can support a cause that is important to him/her, such as helping local communities through small actions or supporting sports/music projects, a school of their choice, etc. The sum of EUR 100 per team member is granted on a yearly basis and this amount is doubled if the cause goes to help victims of natural disasters or refugees.

In 2022, EVS supported 238 causes, donating a total of EUR 26,400.

Likewise, EVS has launched a new program called "Charity Day" which allows each EVS team member to take one day's paid leave per year to help the local community.

Working from home

Teleworking has been introduced at EVS, first in 2019 on a voluntary basis for a limited number of team members and then on a mandatory basis for the majority of team members during the recent health crisis. Teleworking has presented challenges, but these difficulties have given rise to many benefits. It is both a way for our company to modernize the work organization, making the most of information technology, and a way for team members to achieve a better work-life balance by bringing more flexibility and autonomy to their work. EVS has therefore decided to generalize the use of teleworking within the company by introducing a so-called "Hybrid Way of Working". Indeed, it is now clear that we have to evolve in line with the challenges of tomorrow and move to a hybrid way of working to meet the needs of everyone. The same values, the same messages, the same ways of working must be applied whether we are working at the office or remotely. Consequently, we need to reinvent the in-person environment and the offices, and enable team members to work any time, anywhere, with any device, on any content.

Master Your Energy

Being able to manage your energy is becoming increasingly important. This is why EVS launched MASTER YOUR ENERGY @ EVS in 2022 with 50 Team Members.

This is a new well-being program full of inspiration, activation exercises, tools and reflection moments with external coaches and experts from "Energy Lab" and "Better Minds at Work". The team held ten conferences as well as completing six MyTrace walks and three challenges.

After this initial session, we had a first satisfaction score of 7.76/10 and a recommendation score of 82%.

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Working environment

At EVS, our facility team provides a pleasant working environment for our Team Members worldwide by renovating or improving the workspaces.

The cafeterias in Liege and Gilze have been renovated, the UK team has been moved to a new building, sessions with an ergonomist are organized, etc.

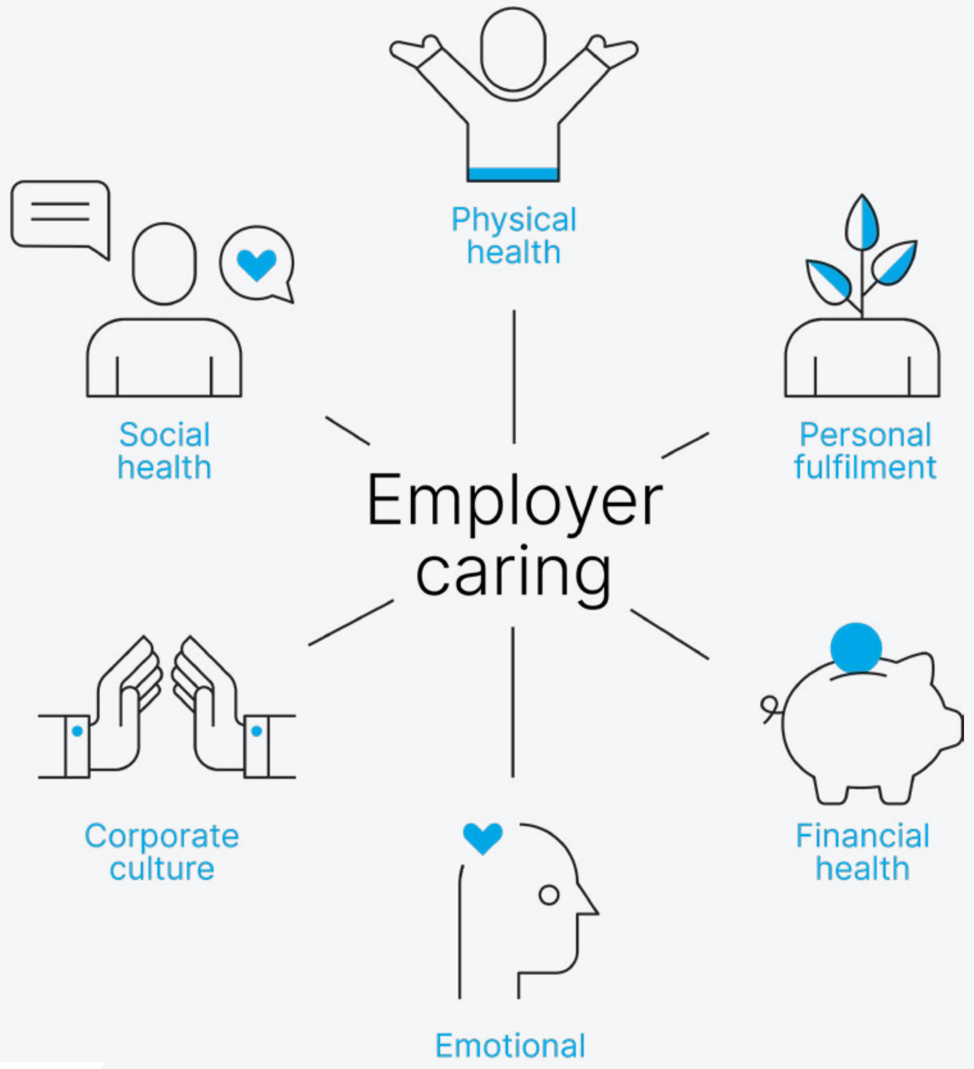
Sport

In our **Employer Caring Strategy**, physical health is one of the main axes on which the HR department focuses.

The benefits are studied by country and respond to the wishes of our local Team Members.

Here are some examples:

- EVS contributes to sport subscriptions
- Relaxation classes take place at EVS Headquarters
- "Start to run" sessions are organized once a week from our Headquarters



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EVS Leadership Team (LT)

We believe that, like the Team Members, a cheerful and dynamic Leadership Team is critical to the growth and stability of the company.

The LT, which operates under the authority of the CEO, comprises key leaders in various positions and from various regions.

Three new LT members came on board recently: Mrs. Veerle De Wit, Mr. Xavier Orri and Mr. Alexander Redfern.

Ed Force 1

The Ed Force 1 (EDF 1) team, composed of several team members based in Liege and abroad, organizes friendly moments inside EVS throughout the year.

In 2022, EDF 1 team organized the following events, to name a few:

- End-of-Year party
- Saint-Nicolas / Sinterklaas event
- Mont Ventoux Challenge
- ELA Jogging
- Summer party
- One-off gatherings

There is always a good reason to celebrate and thank the Team Members for their dedication and passion.

From left to right: Veerle De Wit (CFO), Xavier Orri (EVP Operations and Projects), Pierre Matelart (CPO), Serge Van Herck (CEO), Nicolas Bourdon (CMO), Quentin Grutman (CCO), Alexander Redfern (CTO)

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Athletics and Advocacy: Beginning my Journey with EVS as an ESG Ambassador

By Marine Simonis, freediving champion

In 2022, I set out on a journey to find a partner that could help me take my career as an athlete to the next level. It was essential for me to partner with a company that was sensitive to the issues that mattered to me and shared the same values, and I was fortunate enough to find that in EVS. Not only did they offer support for my athletic career, but they also saw in me the potential to be an ESG ambassador.

ESG... Those three letters didn't initially hold much significance for me. But as I got to know EVS and their practices, I came to understand the true meaning and importance of ESG in the corporate world. By reading their reports and visiting their headquarters, I gained a clear picture of the company's dedication to sustainability and societal responsibility.

I was particularly impressed by the efforts they have been making to create a more sustainable workplace, and their recent calculation of their carbon footprint, with the goal of further improvement in the future, is another testament to their commitment to making a positive impact on the planet.

I have always considered myself to be environmentally conscious and my experiences diving in seas and oceans have reinforced my beliefs. But of course, no one is perfect. Like many, I own a smartphone, and my career as an athlete would be difficult to achieve without relying on air travel. Also, I am not a strict vegetarian. Similarly, no company can be perfect either. However, I believe that the collective efforts of many imperfect entities will make a greater impact than relying on a select few who completely abstain from consumption and travel (although this is all to their credit!).

Aside from environmental concerns, the representation and role of women in the world, business, and sports is another topic that is close to my heart. Young girls have too often been unconsciously conditioned to believe they are not destined to be leaders or athletes. This was something I observed firsthand as a competitive swimmer during my teenage years, as I saw many girls leaving sports at a higher rate than boys. A trend I believe was largely due to the lack of female athletes being put in the spotlight at that time.

But I am glad to see that things are evolving, and the importance of equal opportunities for girls and boys in sports is becoming more recognized. Today there are many celebrated Belgian athletes, including Nafi Thiam, Elise Mertens, the Belgian Cats, and the Belgian Cheetahs, who serve as role models for younger generations.

Through my personal and professional journey, I have come to realize that every individual, no matter how small their contribution, has the power to make a positive impact on the world. As an EVS ambassador and female athlete, I am determined to contribute in my own small way towards making the world a better place and to motivate young girls to pursue their passions and show them that yes, they too can achieve their own goals!

→ Here is the EVS sustainability report that I invite you to discover.

"Through my personal and professional journey, I have come to realize that every individual, no matter how small their contribution, has the power to make a positive impact on the world.

Marine Simonis

Shareholders' information

EVS shares

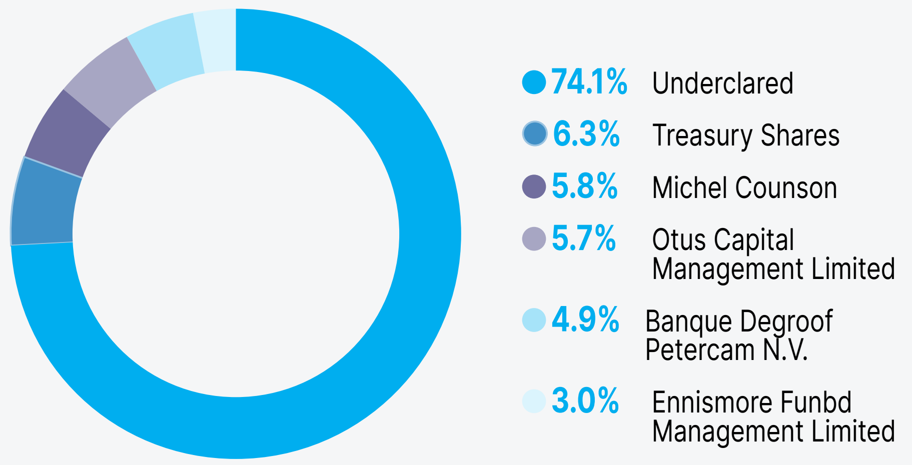
EVS capital is represented by 14,327,024 shares without nominal value.

Since December 15, 2011, EVS shares are dematerialized (registered or book-entry shares). The securities in bearer form issued by the company which would not have yet been registered on a securities account will automatically be converted in book-entry securities as from that date.

Stock market and listing

EVS shares are listed on the continuous Euronext Brussels market under ISIN code BE0003820371.The first listing was in October 1998 at a price of EUR 7.44 (EUR 37.20 before split on June 5, 2005).

EVS Shareholders (in %)



EVS is, amongst others, part of the Euronext BelMid and Euronext Tech Leaders indices. EVS is also eligible for the Equity Savings Plan in France ("plan PEA") and for the Equity Savings plan for Small and Medium-Sized Enterprises in France ("plan PEA-PME").

The maximum value reached by the stock price in 2022 was EUR 24.25, on August 25, and the minimum value of EUR 18.00 was recorded on March 7. On December 31, 2022, EVS had a market capitalization of EUR 318.8 million with a share price of EUR 22.25. The value of EVS shares rose by 7.5% in 2022.

EVS engagement with the market

In 2022, EVS has renewed their engagement with the market, after the COVID period. The website was renewed, roadshows were held, and an analyst day was organized.

EVS expects to continue its efforts in reaching existing and new shareholders. We have therefore conducted a shareholder analysis as to gain full understanding of the current shareholders of the company. This understanding is important as to define our engagement strategy with both current and new shareholders.

Dividend

EVS considers it important to provide our shareholders with long term perspectives with regard to return on their investment. In that framework, the dividend policy is an important angle of our overall shareholder engagement.

In 2018, the Board of Directors launched a first multi-year dividend policy providing stable dividends during a three-year period from 2018 to 2021. The policy was renewed for 3 years in the beginning of 2022, providing a new guidance for the years 2022 up till 2024.

Generally, the dividend is paid in two parts: an interim dividend at the end of November and the final dividend in May after the approval of the General Meeting.

For the year 2022, a total dividend of EUR 1.60 will be proposed to the Ordinary General Meeting of May 16, 2023. This proposed dividend for the year 2022 is in line with the guidance issued earlier in 2022.

Out of the EUR 1.60 dividend proposal, EUR 0.50 has already been distributed as an interim dividend in November of 2022. If approved by the Ordinary General Meeting, the remaining gross dividend of EUR 1.10 will be paid on May 26, 2023 against coupon #34 (ex-date: May 24, 2023; record date: May 25, 2023).

In € per fiscal year per share*,**	FY2022	FY2023	FY2024
Base dividend	1.10	1.10	1.10
Exceptional additional dividend	0.50	0.00	0.00
Total dividend	1.60	1.10	1.10

* subject to market conditions
** subject to the approval of the Ordinary General Meeting of shareholders

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Shareholding

Shareholders have an obligation to report the percentage of EVS shares they hold when this percentage crosses the threshold of 3% in either direction (a condition imposed by the articles of association) and for any multiple of 5% (a requirement of the Companies Code).

The percentage of shares held must be calculated based on the number of shares outstanding (14,327,024 shares at end 2022).

As at December 31, 2022, the shareholding of EVS Broadcast Equipment was as shown in the graphic on p26 (based on recent statements received by the company and the treasury shares position as at December 31, 2022).

For more shareholding details, please refer to the Statement of Corporate Governance in the second part of the annual report.

General meetings

EVS holds its Ordinary General Meeting on the third Tuesday in May. Shareholders are invited to participate in this meeting. All instructions are published one month before the meeting.

To promote interaction between the company and its shareholders — and to know and serve them better — further to Article 24 of its articles of association, EVS requires proxies for participation in its General Meetings to be signed by the actual ultimate beneficial owner.

Proxies issued by a custodian or sub-custodian must therefore be accompanied by another power of attorney duly signed by the actual ultimate beneficial owner granting authorization to exercise their rights. In the interest of good governance, this provision is strictly applied and at each meeting results in a few non-compliant discharges of proxies, including those from stakeholders.

From left to right: Michel Counson, Frédéric Vincent, Anne Cambier, Johan Deschuyffeleer, Martin De Prycker, Chantal De Vrieze, Marco Miserez

Shareholders' calendar

May 16 th, 2023: Ordinary General Meeting of shareholders

May 17 th, 2023: Q1 2023 results

August 18 th, 2023: H1 2023 results

November17 th, 2023: Q3 2023 results

Financial service

Dividends are payable at ING BANK SA, which is the sole paying agent in the Euroclear Belgium "E.S.E.S." dematerialized system.

ING BANK SA
Avenue Marnix, 24
1000 Brussels
Belgium

Information accessibility

The group website (www.evs.com) provides general information on the company and its products, as well as financial information, corporate governance rules and annual reports.

A special investor relations section provides dynamic views on our financial results and our sustainability data. It also contains stock related and dividend information.

All legal documents are available at the company's head office or on its website.

EVS has adopted a "quiet period" policy, which limits communication with investors during sensitive periods to basic, historic and non-time-specific information. This quiet period begins one month before the publication of the earnings and continues until the earnings release date.

EVS appreciates the interest of its shareholders in the company and believes that this policy enables the company to balance the needs of the business and the importance of communicating with both new and potential investors.

The EVS share over the last 10 years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Number of shares issued (average)	14,327,024	14,327,024	14,327,024	14,327,024	13,636,540	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000
Number of shares issued (31/12)	14,327,024	14,327,024	14,327,024	14,327,024	14,327,024	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000
Average number of shares, excl. own shares	13,411,972	13,400,624	13,668,612	14,016,921	13,531,196	13,514,301	13,501,815	13,490,812	13,513,053	13,480,715	13,449,081
Average free float	85.3%	91.7%	86.4%	87.2%	93.9%	93.9%	93.5%	93.5%	93.5%	93.5%	93.5%
Annual volume[1]	2,691,298	3,727,707	6,877,590	8,364,031	11,730,794	8,017,152	10,191,122	11,809,385	17,242,611	14,884,293	8,758,751
Average daily volume (number of shares)[1]	10,472	15,412	26,761	32,800	45,645	31,195	39,654	46,130	66,574	58,600	34,348
Average daily volume (EUR)[1]	219,848	285,060	417,689	706,515	1,053,033	1,040,358	1,228,090	1,326,711	2,459,901	2,888,959	1,383,196
Standard velocity[2]	18.8%	26.0%	48.0%	58.4%	86.0%	58.8%	74.8%	86.7%	126.6%	109.2%	64.3%
Adjusted velocity - Average free float[3]	22.0%	28.4%	55.5%	66.9%	91.6%	62.7%	80.0%	92.7%	135.3%	116.8%	68.8%
Average annual share price (EUR)	20.99	18.50	15.61	21.54	23.07	33.35	30.97	28.76	36.95	49.30	40.27
Closing share price (EUR)	22.25	20.70	16.70	21.75	23.20	29.71	33.20	29.00	29.89	46.99	44.40
Highest share price (EUR)	24.25	22.80	22.15	23.70	33.15	38.75	36.50	36.40	47.97	57.19	46.00
Lowest share price (EUR)	18.00	15.00	10.34	19.58	15.44	26.75	24.89	21.06	23.52	39.88	34.97
Market capitalization (average, EUR millions)	300.8	265.0	223.6	308.6	314.6	454.4	422.0	391.9	503.4	671.7	548.7
Market capitalization (Dec. 31, EUR millions)	318.8	296.6	239.3	311.6	332.4	404.8	452.4	395.1	407.3	640.2	605.0
Gross dividend (EUR)	1.60	1.50	0.50	0.50	1.00	1.00	1.30	1.00	2.00	2.16	2.64
Net dividend (EUR)	1.12	1.05	0.35	0.35	0.70	0.70	0.93	0.74	1.50	1.62	1.98
Dividend yield (gross dividend on average share price)	7.6%	8.1%	3.2%	2.3%	4.3%	3.0%	4.2%	3.5%	5.4%	4.4%	6.6%
Share buyback/share	0.00	0.00	0.58	0.37	0.11	0.00	0.00	0.00	0.36	0.00	0.00
Basic EPS (EUR)	2.34	2.60	0.53	1.40	2.60	1.77	2.43	1.76	2.63	2.52	3.10
Payout ratio (gross dividend on basic EPS)	68.4%	57.7%	94.3%	35.7%	38.5%	56.5%	53.5%	56.8%	76.0%	85.7%	85.2%
Price/earnings ratio [4]	9.0	7.1	29.4	15.4	8.9	18.8	12.7	16.3	14.0	19.6	13.0

(1) Source: Euronext
(2) Standard velocity represents the annual volume traded on the stock market expressed as a percentage of the total number of the company's shares.
(3) Adjusted velocity represents the annual volume traded on the stock market expressed as a percentage of the average free float.
(4) The price/earnings ratio is the average share price for the year divided by the EPS over the same period.

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CONSOLIDATED KEY FIGURES – IFRS (EUR MIO)	2022	2021	2020
Revenue	148.2	137.6	88.1
Operating profit - EBIT(1)	31.7	37.1	5.7
Net profit (group share)	31.3	34.9	7.2
Investments	10.0	1.6	6.9
Cash generated from operations	13.4	39.8	16.4
Total equity before profit allocation (31/12)	175.8	162.3	140.5
Net cash position (31/12)(2)	33.8	54.9	34.7
Net working capital (31/12)(3)	81.2	54.4	47.5
Number of team members in FTE (31/12)	613	551	550
Turnover / Employee Ratio (EUR)	241,762	249,688	160,182

DATA PER SHARE (EUR)	2022	2021	2020
Average number of shares excl. treasury shares	13,411,972	13,400,624	13,668,612
Basic net profit (group share)(4)	2.34	2.6	0.53
Gross dividend (interim + final exeptional)	1.60	1.50	0.5
Equity per share	11.50	10.61	9.31

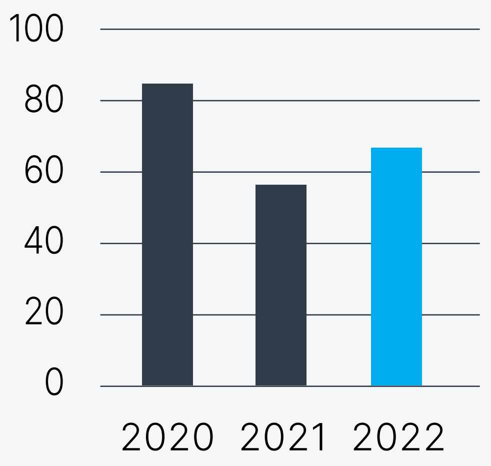
RATIOS (%)	2022	2021	2020
Gross margin (%)	66.7%	69.6%	66.5%
EBIT margin (%)(1)	21.4%	27.0%	6.4%
Net margin(5)	21.1%	25.4%	8.2%
Payout ratio (gross dividend/net profit)	68.4%	57.7%	0.0%
Dividend yield (gross dividend/average share price)	7.6%	8.1%	-
Return on equity – ROE(6)	19.3%	24.8%	5.1%
Return on capital employed – ROCE(7)	31.3%	38.0%	8.1%

(1) EBIT means "Earnings Before Interests and Taxes" and corresponds to the operating result before interests and taxes.
(2) The EBIT margin is the EBIT divided by the revenue.
(3) The net working capital = stocks + trade receivables - trade payables.
(4) Calculated based on the number of shares excluding treasury shares and warrants.
(5) The net profit margin is the net profit (group share) divided by the revenue.
(6) This return is the result of the net profit (group share) divided by the shareholders' equity at the beginning of the year less the final dividend decided during the Ordinary General Meeting of May.
(7) Net profit (group share), (goodwill + intangible and tangible assets + stocks).

Share price and volume

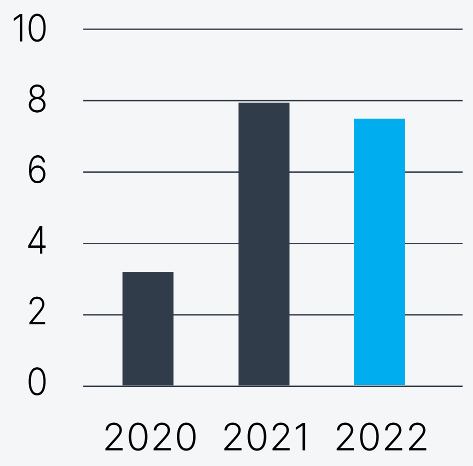
68.4%

PAYOUT RATIO
(% OF BASIC EPS)



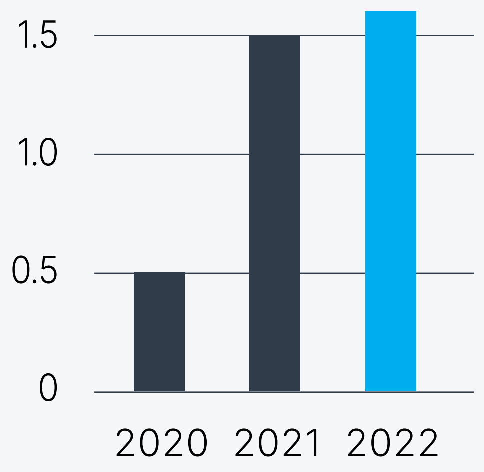
7.6%

DIVIDEND YIELD (%)



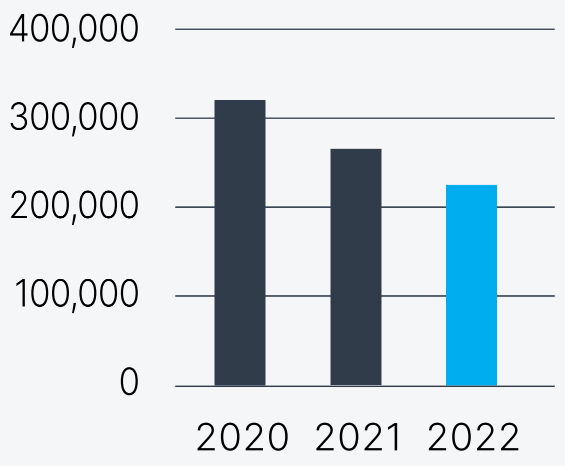
1.60 EUR

GROSS DIVIDEND PER SHARE (EUR)



219,848 EUR

LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (EUR)



Annual financial report 2022

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MANAGEMENT REPORT

FINANCIAL REPORT

1. CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2022	2021	2020	2022/2021
Revenue	148.2	137.6	88.1	+7.7%
Gross margin %	66.7%	69.6%	66.5%	-2.9Pts
Operating profit - EBIT	31.7	37.1	5.7	-14.6%
Operating margin (EBIT) %	**21.4%**	**27.0%**	**6.4%**	-5.6Pts
Income taxes	-1.4	-2.8	2.8	-50.0%
Net profit, group share	31.3	34.9	7.2	-10.3%
Net profit (%)	21.1%	25.4%	8.2%	-4.3Pts

2. HIGHLIGHTS

2022 has proven to be another successful year. The PLAYForward strategy as defined at the end of 2019 is starting to deliver the expected growth momentum.

EVS had a second record year in a row in 2022, with strong growth in revenues, order intake, and team member size. We showed significant growth in North America, announced the largest contract ever signed in EVS' history in August with the "Big Tech 22 contract" worth over 50MioUSD, and successfully fought against inflation and component shortages throughout the year.

We feel we are winning market share in our LAB business and well protecting our position in the LSP business. We successfully supported many of our customers in delivering the live TV production of major sports events in Asia, the Middle East, and North America.

The growth of our team is clearly unlocking our growth ambitions. Our strong employer branding has enabled us to successfully hire strong talent across the world. Our team member engagement survey shows again further improvements compared to the years before, resulting in our recent "Top Employer" certification.

We are making good progress in our vision of developing a strong ecosystem with our VIA platform as we are moving from product sales to solution sales. Our first introduction of AI in XtraMotion is a revolution in the industry and represents a major differentiator.

The Axon acquisition in May 2020 has translated into our Media Infrastructure revenue growth and positively contributes to our bottom line, demonstrating our capability to execute successfully large acquisitions. We have also upgraded our ERP and customer ticketing system to support our long-term growth ambitions.

In line with our commitments, we continued to deliver strong dividends for our shareholders. Our sustainability efforts with the ESG program have started to deliver strong results, with good ratings like the Ecovadis Silver medal. We completed our first carbon footprint analysis: this will be a critical management tool for taking the right sustainability decisions in the future.

In conclusion, our PLAYForward strategy is clearly being appreciated by our customers and channel partners. This is helping us to get back into growth mode. While economic market conditions remain very challenging with high inflation, component shortages and with the war in Ukraine, we feel that our customers increasingly appreciate the reliability, performance and innovative edge of our solutions and services.

Our ambition for the next years is to continue to deliver growth on both our top line and bottom-line. We feel that we are well on track to deliver upon this promise. Based on our company indicators, EVS issues guidance on revenue for 2023 in the range of EUR 145 million and EUR 155 million.

3. STRATEGY AND LONG-TERM GROWTH DRIVERS

EVS focuses on delivering standard "live solutions" with custom workflows based on modernized solutions leveraging latest technologies (IP, AI, Virtualization, Micro-services, Open APIs, Cloud).

EVS growth strategy is based on different factors:

- Broader solutions to address different kinds of productions.
- More solutions in each category, applicable for different tiers of customers and/or productions.
- More categories of solutions.

Today, EVS proposes 3 categories of solutions: LiveCeption, MediaCeption and Media Infrastructure.

Thanks to the convergence requested by the broadcasters in terms of infrastructure to produce sports, news and entertainment, EVS has the opportunity to provide more solution components and thus extend the scope of the current solutions. This is particularly true for LiveCeption and MediaCeption.

In each category of solutions, EVS plans to develop more and more solutions, combining different solution components. Thanks to this approach, EVS can also support lower tier production in a competitive way for existing customers and sell entry-level solutions to smaller customer. EVS doesn't plan to compromise on quality and/or flexibility. For smaller customers and/or lower production tiers, EVS will limit the scalability, thus preserving the value and limiting cannibalization. Smaller customers are addressed through channel partners, either globally or locally.

EVS also plans to increase the categories of solutions that will be offered to the same customers.

The different solutions are progressively structured in an ecosystem by which a customer benefits of higher value when all the EVS components are combined. The ultimate goal is to ensure an optimal cost of ownership for our customers.

These enhancements of the solution portfolio will not only be based on organic developments. EVS will integrate 3rd-party solution components based on strategic partnerships and/or acquisitions. New categories of solutions will be subject to acquisitions.

Thanks this new ecosystem, EVS plans to increase its market share. Today, we already observe a significant increase of market share, mainly for Media Infrastructure and mainly in NALA.

EVS will also leverage SW to propose new flexible business models, ensuring a smooth transition from CAPEX to OPEX, preserving mid-term revenues with absence of price sacrifice to tease to OPEX.

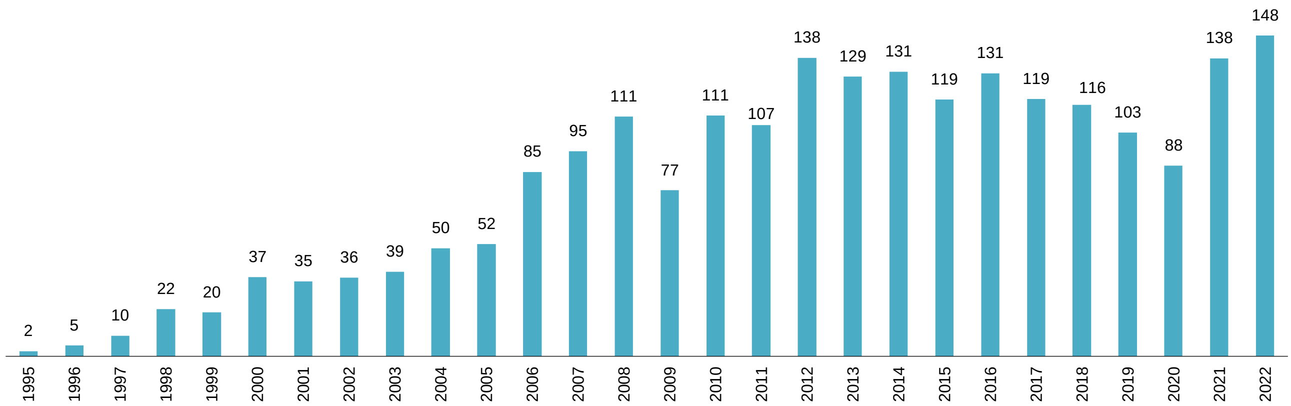
4. REVENUE

EVS revenue amounted to EUR 148.2 million in FY22, an increase by 7.7% compared to 2021 (+6.8% at constant currency and excluding the big event rentals).

All our market pillars performed well in 2022 with each market pillar reaching our exceeding our expectations. Revenue of solutions in LSP (Live Service Providers) represented 45.1% of the total group revenue: the LSP revenue counted for a total of EUR 66,9 million in 2022 supported by large upgrades and investments in new infrastructure by our customers (ref. Big Tech 2022 contract). The LAB (Live Audience Business) revenue represented 48.2% of total revenue with an overall revenue number of EUR 71,4 million. The LAB market pillar did not grow compared to 2021 (-1,1% YoY), but the performance in this pillar is more dependent on the delivery of longer-term projects. We still expect EVS to realize further growth in this market in the future. Big Event Rentals represented 6.7% of total revenue, triggered by important events in 2022 in Asia, the Middle East and North America.

From a regional perspective, each region contributed to the strong results except for the APAC region, entirely impacted by a lagging performance in China linked to the COVID situation in 2022 in that country. Traction in the rest of the APAC region was good. In 2022, in Europe, Middle East and Africa ("EMEA"), sales (excl. big event rentals) amounted to EUR 67.8 million (+6.8% compared to 2021). Sales (excl. big event rentals) in Americas ("NALA") were EUR 51.6 million (+22.2% at constant currency). In Asia & Pacific ("APAC"), sales (excl. big event rentals) were EUR 19.0 million (-17.9% at constant currency).

Historical evolution of revenue (EUR millions):



Revenue by geographical information

Revenue for the YTD period (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
FY22 revenue	**18,952**	**67,764**	**51,592**	**9,850**	**148,158**
Evolution versus FY21 (%)	-17.9%	6.8%	37.6%	-27.2%	7.7%
Variation versus FY21 (%) at constant currency	-17.9%	6.8%	22.2%	-27.2%	3.5%
FY21 revenue	**23,077**	**63,468**	**37,499**	**13,534**	**137,578**

5. RESEARCH AND DEVELOPMENT

Research and development expenses amounted to EUR 26.3 million in 2022 versus EUR 27.1million in 2021.

At the beginning of the period, the Group identified two internal development projects, that for the first time of EVS Broadcast Equipment's history fulfilled all the conditions to be capitalized according to IAS 38 Intangible assets. This ability arises after the implementation of extensive business cases, where R&D together with the solutions and sales departments perform an end-to-end exercise whereby objectives, costs, market analysis and return are clearly identified.

These internal development projects consist of software that will be commercialized at the end of the development period (expected commercialization is 2024). These 2 projects complement the PLAYForward strategy of the Group. The progress of these internal developments is monitored frequently as to ensure the future economic benefit remains assured.

Other research and development costs remain in our operational spend, as IAS38 does not specifically apply for these developments.

The detail of the total R&D spend is as follows:

(EUR thousands)	2022	2021
Gross R&D expenses	35,854	29,599
R&D capitalized as intangible assets	-7,080	-
Benefits relating to R&D expenses	-2,507	-2,511
R&D expenses, net	**26,267**	**27,088**

6. STAFFING

Breakdown of personnel by department (in full-time equivalents):

	Corporate Services	Research & Development	Sales & Marketing	Production & Operations	Total
Dec. 31, 2020	65	272	94	119	550
Dec. 31, 2021	69	268	81	133	551
Dec. 31, 2022	76	291	87	159	613

As of December 31, 2022, EVS had a total of 613 employees (full-time equivalents), including 7 leadership team members, an increase of 11.3% compared to end of year 2021. The total salary cost stands at EUR 53.5 million in 2022 as opposed to EUR 47.3 million in 2021. Throughout 2022, the average number of employees was 598, up 9.4% over 2021 (547).

7. RESULTS

7.1. 2022 key figures

IFRS - EUR million, except earnings per share, expressed in EUR	*1H22*	*2H22*	2022
Revenue	*67.7*	*80.5*	**148.2**
Gross margin	*45.8*	*53.0*	**98.8**
Gross margin %	*67.7%*	*65.8%*	**66.7%**
Operating profit – EBIT	*15.7*	*16.0*	**31.7**
Operating margin – EBIT %	*23.3%*	*19.9%*	**21.4%**
Net profit – Group share	*15.4*	*15.9*	**31.3**
Fully diluted earnings per share	*1.15*	*1.14*	**2.29**

7.2. Comments on the results

Consolidated gross margin was 66.7% for FY22, compared to 69.6% in FY21 explained by different drivers:

- Important investments in the operations & support department to ensure we continue to deliver quality support all over the world, in line with our growth patterns (representing -1.4 Pts)
- Impact of the change in solution mix is representing -1.1 Pts following the relative weight of Media Infrastructure in the overall portfolio.

- Write-off worth EUR 0.7 million linked to bill of material costs, following more granular inventory reporting thanks to optimized processes in our new ERP (-0.4 Pts)

Operating expenses increased by 11% YoY explained by inflation on labour cost and energy prices and post-COVID spending patterns impacting spend for travel, marketing, …

EVS did also invest in additional Research & Development resources in 2022, both through internal engagements as well as external contracts. These additional resources were staffed on 2 important developments, recognized as intangible assets in 2022. The associated spend was therefore capitalized on the balance sheet.

Overall EBIT performance is of EUR 31.7 million, generating an EBIT margin of 21.4%.

The net profit ends at EUR 31.3 million benefiting from a strong financial income following pro-active cash flow management and low income taxes (EUR 1.4 million compared to EUR 2.8 million last year) resulting from an excess in tax paid in 2021 and various tax latencies linked to prior years.

The net profit leads to fully diluted earnings per share of EUR 2.29 (versus EUR 2.57 in 2021).

7.3. Data per share (EUR)

	2022	2021	2020	2022/2021
Weighted average number of issued shares for the period, less treasury shares	13,411,972	13,400,624	13,668,612	0.1%
Weighted average fully diluted number of shares	13,681,084	13,587,624	13,674,232	0.7%
Basic earnings, group share	**2.34**	**2.60**	**0.53**	**-10.0%**
Fully diluted earnings, group share	**2.29**	**2.57**	**0.53**	**-10.9%**

8. BALANCE SHEET, CASH-FLOW, OWN SHARES AND EMPLOYEE PROFIT SHARING

EVS continues to have a strong balance sheet with net cash position of EUR 33.8 million with low debt level (of which EUR 12.5 million related to IFRS 16) resulting in a total equity representing 75.4% of the total balance sheet as of the end of 2022. The decrease in cash and cash equivalents (EUR -23.1 million) compared to end of 2021 is mainly driven by the dividends paid in May and November (including exceptional additional dividend), combined with the increase in working capital requirements at the end of 2022.

The working capital requirements are growing, primarily linked to growing trade receivables. The trade receivables evolve largely in line with our overall sales volumes. 71% of our trade receivables is not due at year-end, with a large volume of invoices issued in the second half of the fourth quarter, given a temporary hold of invoicing operations after the Go-Live of our new ERP system. We expect these trade receivables to restore in 1Q23. A sound cash position remains a priority for EVS.

Other intangible assets include the costs for internal development capitalized during 2022 according to IAS 38 (Intangible assets).

Lands and building mainly include the headquarters in Liège as well as the right of use for the offices abroad (IFRS16).

Inventories amount to EUR 28.8 million, an increase of EUR 2.8 million compared to the beginning of the year as a reflection of a pro-active supply chain management to ensure we systematically meet our customers' delivery terms.

Liabilities include EUR 15.3 million of financial debt (including long-term and short-term portion), mainly related to the lease liabilities for EUR 12.5 million and borrowings for EUR 2.8 million. Long-term provisions include the provision for technical warranty on EVS products for labor and parts. Other amounts payable mainly represent deferred income and advance payments received from customers on contracts in progress.

Net cash from operating activities amounts to EUR 11.0 million for the full year 2022, compared to EUR 38.7 million in 2021.The decrease is mainly driven by higher working capital requirements resulting from higher trade receivables (as described above) and lower trade payables, combined with lower net profit. On December 31, 2022, cash and cash equivalents total EUR 49.1 million, compared to EUR 72.1 million at the end of 2021. The decrease is mainly driven by lower cash from operating activities, combined with the increase of the net cash used in investing activities mainly due to the investments in intangible and tangible assets (specifically in the internal development of intangible assets) together with the increase of the net cash used in financing activities following the higher amount of dividends distributed during 2022, including the exceptional dividend.

At the end of December 2022, there were 14,327,024 EVS shares outstanding, of which 908,014 were owned by the company. At the same date, 492,975 warrants were outstanding with average exercise price of EUR 16.95 and maturities between October 2026 and September 2028. Additional information is available in note 18.

The Ordinary General Meeting of shareholders of May 17, 2022 approved the allocation of 17,126 shares to EVS employees (grant of 56 shares to each staff member in proportion to their effective or assimilated time of occupation in 2021) as a reward for their contribution to the Group successes.

9. PROVISIONS FOR RISKS AND CHARGES

As per December 31, 2022, EUR 1.6 million provisions were available to reasonably cover technical warranties. Additional details are also presented in note 20.

10. RISK MANAGEMENT

EVS is exposed to various exogenous and endogenous risks detailed in the annexes of the annual financial report and in paragraph 13 of the Corporate Governance statement. The management, the Audit Committee and the Board of Directors conduct regular analyses of the company's risk and take actions to minimize or neutralize the potentially negative effects.

More information on the use of the financial instruments by the company, the objectives and policies relating to financial risks management and the risks the company is exposed to, can be found in the Corporate Governance Statement (point 5.1) and in the “Risks and uncertainties” chapter. The foreign currency risk is treated separately in the note 27.2.

Circumstances which may considerably impact the development of the Group are reported in the section “Risks and uncertainties”.

11. INVESTMENTS

EVS business does not require major investments in equipment, though the critical situation of the components market have forced EVS to invest more working capital into the inventory over the year 2022. This is a pro-active measure, as to ensure EVS can continue and respects its delivery terms towards the customers.

In 2022 EVS also invested in the internal development of 2 projects that are scheduled to contribute to the overall topline as of 2024.These investments are currently capitalized on the balance sheet as intangible assets.

The group’s policy is to own its premises in Belgium, primarily because of the size of the building and the technical requirements of our operations. This investment is primarily financed through shareholders’ equity and long-term bank loans. As per December 31, 2022, the net book value of lands and buildings amounts to EUR 50.5 million (including EUR 9.7 million of right-of-use assets).

12. CAPITAL AND SUBSIDIARIES

The EVS Broadcast Equipment SA capital of EUR 8,772,323 is represented by fourteen million three hundred twenty-seven thousand and twenty-four shares (14,327,024) without any designation of nominal value.

We refer to note 5 for the list of subsidiaries, joint ventures, associates, and representative offices.

13. NON-FINANCIAL PERFORMANCE – SUSTAINABILITY REPORT

Corporate sustainability is central to EVS’s strategy. We have a long-term commitment to the environment, our team members, and the communities in which we operate. We constantly practice and demonstrate this commitment through various initiatives that create an impact for the wider world. A detailed sustainability report has been prepared in accordance with the EU Directive on disclosure of non-financial and diversity information, the GRI (Global Reporting Initiative) Standards: core option, and can be consulted at https://evs.com/company/sustainability.

14. OUTLOOK 2023

Financial Guidance

The important order intake of 2022 has considerably fueled the order book to be delivered in future periods. The total order book at the end of 2022 is of EUR 141.8 million, growing 122% compared to last year. Out of that order book, EUR 85.9 million is reserved for 2023, compared to EUR 51.0 million at the beginning of 2022 (growth of 68.4%). Based on this strong order book and the current market dynamics, EVS issued a revenue guidance for the year 2023 of EUR 145-155 million. This revenue range demonstrates the ambition of EVS to continue its organic growth path, in a year with no Big Event Rental income.

With the growth engine launched, the focus of EVS will now be on profitable growth. EVS has no further plans to grow the size of the teams, nor do we expect an increase in the capital expenditure envelope. Operating expenses will continue to grow because of flow-through of team members hired in 2022 and further inflation. These cost drivers continue to be monitored and modeled in our price increase policy.

15. SUBSEQUENT EVENTS

Within the context of our strategy to focus on sustainable and profitable growth, the Group has decided, early March 2023, to call the end-of-life of certain activities linked to our operations in Darmstadt. After a long and careful evaluation, the activity was assessed as a loss-making activity, for which future developments could not trigger a turn-around. The group is carefully assessing potential commercial impacts directly with the clients involved, engaging in a pro-active discussion around transition and proposing potential alternatives. We expect the commercial impact to be limited and immaterial. There will be a limited financial impact linked to the termination of the contracts of a small number of team members. Finally, we will also re-assess the inventory needs to ensure support in future periods. Impacts on balance sheet and cash-flow are expected to be minimal.

There are no other subsequent events that may have a material impact on the financial statements of the Group.

16. PROPOSALS BY THE BOARD TO THE SHAREHOLDERS

The Board of Directors has decided to communicate the intention to pay a base gross dividend worth EUR 1.10 per share for the year 2022.

Next to that, EVS would like to honor its past dividend intentions (an intent to distribute EUR 1.00 per share per annum for the period 2018-2021). Therefore, after difficult market conditions in 2020, linked to the pandemic, EVS proposes an additional exceptional gross dividend: a first additional exceptional gross dividend of EUR 0.50 per share granted in May 2022, and a second additional exceptional gross dividend of EUR 0.50 per share in May 2023.

An interim dividend of EUR 0.50 has been paid in November 2022. The final dividend will therefore be of EUR 1.10, subject to the approval of the Ordinary General Meeting of May 16th, 2023, payable end of May 2023.

EVS reiterates the dividend guidance issued early 2022 for the 3 years period 2022-2024:

In € per fiscal per share	**FY2021**	**FY2022**	**FY2023**	**FY2024**
Base dividend	1.00	1.10	1.10	1.10
Exceptional additional dividend	0.50	0.50	0.00	0.00
Total dividend	**1.50**	**1.60**	**1.10**	**1.10**

All dividend intentions and guidance are subject to market conditions and approval of the Ordinary General Meeting of shareholders.

The Board of Directors also proposes to grant shares to the employees within the framework of the law relating to profit-sharing schemes. These shares are based on a profit-sharing scheme of 2% of the annual EBIT. Based on an average share price assumption of EUR 22.40, this would represent a total of 42 shares to be awarded per team member (only Belgian team members are concerned). The exact number of shares is to be calculated at a later stage, based on the average closing share price of the last 30 days prior to the publication of the invitation to the Ordinary General Meeting for shareholders and awarded to the overall Belgian population.

CORPORATE GOVERNANCE STATEMENT

This section of the annual report summarizes the rules and principles of good corporate governance established by EVS, in accordance with Belgian Company and Association Code (and the law of April 6, 2010), articles of incorporation and the EVS Corporate Governance Charter. It also focuses on activities related to the year 2022.

1. CORPORATE GOVERNANCE CHARTER

Already in 2006, the Board of Directors of EVS Broadcast Equipment approved a Corporate Governance Charter ("Charter"), Until 31 December 2019, this Charter was based on the 2009 Belgian Code on Corporate Governance ("The 2009 Code"). The Board of Directors has reviewed and updated this Charter at the end of 2019, considering the 2020 Belgian Corporate Governance Code. The Board of Directors has also updated the charter in March 2023 to take into account the decisions made since then and will continue to do so whenever needed. This document and its update is fully available on the group's website (www.evs.com).

The Charter adopted by the Board of Directors meets most points from the 2020 Belgian Corporate Governance Code. However, the Board of Directors considered that exceptions to the 2020 Belgian Corporate Governance Code were justified given the specificities of EVS. The last section of this chapter shows the differences with the 2020 Belgian Corporate Governance Code and explains the reasons for the exemptions.

2. BOARD OF DIRECTORS

The members of the Board of Directors are appointed for a term between 1 and 4 years. On December 31, 2022, the Board of Directors was made up of 7 members. Decisions are taken by a majority vote. In the event of a tie, the Chairman or his representative has a casting vote. In the case of a conflict of interest, the people involved do not take part in the debates and in the vote.

When one or several positions of Director become vacant because of death, resignation or for any other reason, the remaining Directors are entitled to fill the vacancy temporarily. In such a case, the General Meeting shall make the definitive appointment at its next session.

The members are provided with various documents at each Board meeting or enclosed with the notification of the meeting. These documents include reports, financial results, investment documents and other papers relating to the items on the agenda.

In 2022, the Board of Directors met 7 times and notably discussed the following matters: strategic review, changes in management, R&D and product developments, risk management framework, monitoring subsidiaries, liquidity management, business and treasury position of the company, 2022 business updates, the 2023 budget and 5 year business plan, examining acquisition and partnership projects, reviewing remuneration of the Board of Directors and the members of the Executive Management, preparing press releases and preparation of General Meetings, management of Directors' mandates and evaluation of the functioning of the Board of Directors.

3. SPECIALIZED COMMITTEES ATTACHED TO THE BOARD

The Board of Directors of EVS has set up an Audit Committee and a Nomination and Remuneration Committee to conduct reviews on specific matters and advise on them. The final decision remains a collective responsibility of the Board of Directors.

3.1. Audit Committee

The Audit Committee is composed of three non-executive Directors. This committee assumes the missions described in the Article 7:99 of the Belgian Company and Association Code. More generally, it assists the Board of Directors in its responsibilities concerning the integrity of the financial information relating to the company and, in particular, supervising the financial reports, the internal audit function, the external audit function and the relations between the company and its shareholders. The Audit Committee met 4 times in 2022 in the presence, for most of the topics, of the CEO, CFO and the company's Auditor. Since mid-2022, the head of accounting and head of risk management also systematically attend the Audit Committee.

In accordance with the Article 3:6 of the Belgian Company and Association Code, within the Audit Committee, Marco Miserez (having more than 12 years of experience in financial services industry), Martin DePrycker (holding a Ph.D in Computer Sciences, as well as a MBA from the University of Antwerp) and the president of the board, who is also a member of the audit committee, have the competencies in accounting and audit.

3.2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed of four non-executive independent directors. This committee assumes the mission described in the article 7:100 of the Belgian Company and Association Code. More generally, it assists the Board of Directors in its responsibilities concerning the remuneration policy setting, reviewing, and setting the remuneration for the company's executives and managers as well as the long terms incentives and variables and bonus policy. It also follows up and makes recommendations to the Board of Directors with regard to the appointment of board members and executives. The members of the Nomination and Remuneration Committee met 4 times in 2022.

On December 31, 2022, the Board of Directors was made up as follows:

		Director since	Audit Committee	Nomination and Remuneration Committee	Term of mandate	Activities in 2022*	
						Attendance Board meetings (7)	Attendance Committees (4 – Audit Co) (4 – Rem. Co)
The House of Value – Advisory & Solutions BV, represented by Johan DESCHUYFELEER	President and Independent Director	2020	Member	Member	May 2024	7/7	7/8
Accompany You sprl, represented by Anne CAMBIER	Independent Director	2019		Chairman	May 2023	7/7	4/4
Innoconsult bvba, represented by Martin DE PRYCKER*	Independent Director	2016	Chairman		May 2024	7/7	6/6
Michel COUNSON	Managing Director	1994			May 2024	7/7	0
7 Capital sprl, represented by Chantal DE VRIEZE**	Independent Director	2017		Member	May 2025	6/7	4/4
Frédéric VINCENT***	Independent Director	2022		Member	May 2026	4/7	1/2
Marco MISEREZ****	Independent Director	2022	Member		May 2026	5/7	2/2

* Innoconsult bvba, represented by Martin DE PRYCKER has replaced Philippe Mercelis (who was absent end 2021 and beginning 2022 and of whom the mandate ended during the shareholders' meeting of May 2022) in his role of chairman of the Audit Committee as of February 2022 and has left the Nomination and Remuneration Committee in June 2022, which explains that he has not attended the two last meetings of the Nomination and Remuneration Committee held after June 2022
**7 Capital sprl, represented by Chantal DE VRIEZE left the Audit Committee in June 2022 to join the Nomination and Remuneration Committee, which explains why she attended two meetings of the Audit Committee before June 2022 and two meetings of the Nomination and Remuneration Committee after June 2022
*** Frédéric Vincent has joined the Board of Directors in May 2022 and the Nomination and Remuneration Committee in June 2022 and has attended respectively, four of the five meetings of the Board of Directors and one of the two meeting of the Nomination and Remuneration Committee held after June 2022.
**** Marco Miserez has joined the Board of Directors in May 2022 and the Audit Committee in June 2022 and has attended respectively, five meetings of the Board of Directors and two meetings of the Audit Committee held after June 2022.

Michel COUNSON (°1960)

CTO Hardware and Managing Director of the company, Michel COUNSON graduated from the "Institut Electronique" in Liège in 1982. He started his career as a Hardware Engineer with TECHNIQUE DIGITAL VIDEO S.A. in 1983 before founding his own company, VIDEO SYSTEM ENGINEERING S.P.R.L., in 1986 which used to work in partnership with EVS on numerous projects. The two companies merged in 2000.

Martin DE PRYCKER (°1955)

Martin De Prycker (representing InnoConsult bvba) has been appointed as Board Observer of EVS in November 2015. He is Independent Director of EVS since May 2016. He is Managing Partner at Qbic Fund (an interuniversity fund supporting spin-off companies in Belgium) and Managing Director at Innoconsult (consultancy firm specialized in Innovation Management and ICT solutions). Between 2009 and 2013, he was Founder & CEO of Caliopa (a startup in silicon photonics allowing the transport of hundreds of Gbps on optical fiber). Between 2002 and 2009, he was CEO of Barco (display hardware and software manufacturer based in Belgium). Under his leadership, he focused and made the company grow in markets using displays and spinning off the non-core product lines. Prior to that, he was CTO and member of the Executive Committee of Alcatel-Lucent. Before becoming CTO of Alcatel-Lucent, he was responsible for establishing Alcatel-Lucent's worldwide market leadership in the broadband access market. He is a member of the Board of Directors of Proximus, Newtec (Belgian company designing, developing, and manufacturing equipment and technologies for satellite communications), Anteryon, Track4C and Venture Spirit. Mr De Prycker holds a Ph.D in Computer Sciences, a M.Sc. in Electronics from the University of Ghent, as well as a MBA from the University of Antwerp.

Chantal DE VRIEZE (°1961)

Chantal De Vrieze (permanently representing 7 Capital sprl) is CEO of Econocom Benelux since October 2016. She started her career in 1984 at AGFA, then Banque Van Breda, where she gained a solid background in Sales and Marketing. Between

2003 and 2015, she successively served as Sales Director, Managing Director of Econocom Benelux and a member of the Board of Directors of Econocom Group (European provider of B2B digital solutions). In June 2015, she became Country Manager of Altran Belgium (international consulting group for innovation and advanced engineering). She is graduated in law from the University of Ghent. She is also a member of the Board of Directors of Axa Belgium, Guberna (Belgian Institute of Directors) and Agoria, and a member of the FEB Strategic Committee.

Anne CAMBIER (°1970)

Anne Cambier, (permanently representing Accompany you SRL) is director of her own business consulting company. Throughout her career, she has gradually developed a passion for the human aspects of the business, with a specific focus on competencies and leadership models in the context of technological shift.

From 1999 until 2015, Anne worked for Orange Belgium, where she contributed to the rapid growing of the mobile telephony in Belgium. At Orange, before taking her responsibility as Chief People Officer, she developed a broad transversal business knowledge by leading several activities in commercial, customer operations, supply chain and procurement.
Anne started her career in 1992 at Accenture, working for several corporate clients in Europe, mainly in the industrial and utilities sectors.

She holds a Civil Engineering degree in Applied Mathematics from the Ecole Polytechnique of Louvain (UCLouvain) and an executive Master in Management from Solvay Brussels School (SBS).

Johan DESCHUYFFELEER (°1958)

Johan Deschuyffeleer (permanent representative of The House of Value BVBA - Advisory and Solution BV) has more than 35 years of international experience in the ICT and technology sector.

After several positions at the beginning of his career - as engineer and manager at Siemens and Hewlett-Packard - Johan has been Managing Director Belux at Compaq. Afterwards, Johan returned to Hewlett Packard first as Managing Director Belux to subsequently shape the global sales strategy from the Silicon Valley. He has then headed the Technology Services EMEA and later the Technology Consulting WW. Johan is currently Chairman of the Board of Directors of Orange Belgium and Director at AE, Automation and GIMV.

Johan has an industrial engineering degree and has also followed a course in Middle Management at the Vlerick Management School.

Frédéric Vincent (°1968)

Frédéric Vincent has more than 30 years' experience in the media and IT sector. Frédéric first started working in IT at the Bouygues Group in 1992. Subsequently, he entered the media industry as a project manager at TF1 in 1995 and launched the French pay-TV operator TPS just one year later where he was not only responsible for technical matters but also for channel programming and marketing. After just over 10 years, he moved to Canal+ in 2007, first as Business Development Director, then as Chief Digital Officer and finally as CTIO, where he took over the overall responsibility for managing all technical and IT activities for Canal+ Group (over France and abroad). In May 2016, he joined Renault Group as CIO. He is now EVP, Renault Group IS/IT & Digital, Chairman of Renault Digital and member of the Renault Group's Board of Management. Frédéric has a computer science degree from Ecole Centrale de Paris.

Marco Miserez (°1987)

Marco Miserez has 12 years of experience in the financial sector and has been working as Senior Equity Investment Manager at Belfius Insurance for the last 2 years. After graduating as a Commercial Engineer in "Finance and Cross-Cultural Management" from the Ichec Brussels Management School in 2010, Marco Miserez has worked as Institutional Equity Sales at KBC Securities and as Equity Fund Manager at Candriam (a New York Life Investment Company). He holds a director mandate in Belfius Part SA and Technical Property Fund 2.

4. DAY-TO-DAY MANAGEMENT

The Board of Directors has delegated day-to-day management to a managing director, the CEO and an Executive Committee.

4.1. Executive Committee

On December 31, 2022, the Executive Committee was composed of:

- Innovision BV, represented by Serge VAN HERCK, CEO
- WeMagine Srl, represented by Veerle DE WIT, CFO
- Ikaro Srl, represented by Nicolas BOURDON, CMO
- RCG Srl, represented by Quentin GRUTMAN, CCO
- M2C Srl, represented by Pierre MATELART, CPO
- Openiris Ltd, represented by Alexander REDFERN, CTO
- Tols Srl, represented by Xavier Orri, EVP Operations & Projects

Michel Counson is also Managing Director but is not part of the Executive Committee, per his own request.

The Executive Committee coordinates the monitoring and development of the company and its affairs. Its members are in permanent contact, receive information on the group's financial situation, sales and projects, product and solution development status, project deployment status, customer issues and the Committee takes operational decisions such as appointing or dismissing staff and concluding contractual agreements. It is the decision-making body of the group.

4.2. Operational management of subsidiaries

The Executive Committee delegates the necessary powers to its subsidiaries to ensure their operational functioning. The commercial and support subsidiaries are easy to control as their activities are entirely dependent on EVS Broadcast Equipment SA, based in Liège (Belgium): delivery of promotional materials, presence at trade fairs, supply of machines or exchange parts, and accounts. The Board of Directors of these subsidiaries are mainly composed by the headquarters' Managing Director, the CEO, the CFO and local managers. The subsidiaries are spread over geographical regions (America, Europe/Africa/Middle East, Asia/Pacific). This type of organization enables very efficient distribution of information at the group level as well as rapid decision making. The group's commercial policy is coordinated by the parent company, and each region has different levels of operational autonomy which allows creating an optimal contact with the market.

5. DIVERSITY

Conscious of the importance of ensuring diversity and inclusion of our staff to guarantee the well-being and the engagement of our Team Members, EVS continuously works on the diversity of age, gender, ethnicity, educational and professional background as well as geography of the executive committee, EVS top management team and the staff in general, including the diversity of professional skills. Diversity and ethnicity are important to our company, given EVS' global presence. We believe that diversity and inclusion is key to discover talents, to have the right people at the right place in the organization to ultimately achieve excellence. That is why we bring to attention the representation of minority groups at all levels. Our team members are welcomed regardless of their cultural background, gender, mother tongue, age, etc. We have zero tolerance for racism and discrimination.

This is even more important given that the industry in which EVS operates is one that is clearly known for its lack of gender diversity. In Europe, less than 20% of computer scientists are women, and moreover, in Belgium, for every 6 computer scientists who graduate, there is only one woman. In this context, EVS wants to be an actor of change that will make it possible to rebalance these figures, while knowing that gender parity is an unattainable objective in the short term.

In 2022, as regards gender equality in particular:
- Our Board of Directors was composed of 2 women out of 7 members in compliance with the gender quota at board level.
- Our Executive Committee (known as the Leadership Team) was composed of 1 woman out of 7 members but represents 3 different nationalities.
- Our EVS extended management team (known as the skippers' team) was composed of 10 women out of 60 members in 2022. The latter is also diversified from several angles: a good spread over multiple functions (management, transformation, technologies, software and services), a diversity of geography, a good representation of generations and an international exposure of its members.

6. CONTROL OF THE COMPANY

6.1. Internal control and risk management systems

The management strives to provide the level of risk control that is as adequate as possible. The various risks are identified in this financial annual report. The most important characteristics of internal controls and risk management systems are:

- The assessment, with the auditor, of his observations and, if necessary, the request of additional information and clarifications, and the set-up of corrective actions.

- The assessment, with the auditor and the Audit Committee, of the processes that are at risk in the preparation and remediation of the financial statements.

- The ongoing monitoring of activities, operating results, and financial risks of the company (including the financial position of the company, the exchange rate risks), including the various subsidiaries of the group.

- Monitoring the price of components and the relationships with our suppliers.

- Managing the information systems.

- Monitoring the rules for the prevention of market abuse, compliance with these rules and any violations.

- Monitoring the regulations and laws, including the monitoring of potential litigation, and possible financial implications thereof.

The process for the preparation of the consolidated accounts is centralized at the group's financial function level. All information necessary for this process comes from widely used software in the market. Control procedures are in place to ensure that it is thoroughly mastered. Since the fourth quarter of 2022 a new global ERP has been implemented to manage the order to cash process end-to-end in an efficient way.

6.2. External audit

Since the Ordinary General Meeting of May 17, 2016, the audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA is carried out by EY Réviseurs d'Entreprises SRL (B-00160). In 2022, the representation from EY was passed on from Marie-Laure MOREAU (A-01729), Belgian Réviseur d'Entreprise to Carlo-Sébastien D'ADDARIO (A-02506), Belgian Réviseur d'entreprise. The mandate of the Auditor is for three years, and the latest renewal period was confirmed in May 2022.

In 2022, all fees related to the Auditor of the parent company, EY Réviseurs d'Entreprises SRL (B-00160), represented by Carlo-Sébastien D'ADDARIO and its associates, amounted to EUR 186,950 in aggregate for their duties as Auditor.

7. SHAREHOLDING

The situation as it appears from the last official ownership statements received by the company and the situation of treasury shares as of December 31st, 2022, is as follows:

Shareholder	Number of shares	% statutory basic [(1)]
Treasury shares EVS	908,014	6.3%
Michel Counson	835,906	5.8%
Otus Capital Management Limited	820,529	5.7%
Banque Degroof Petercam N.V.	707,679	4.9%
Ennismore Fund Management	435,497	3.0%
Undeclared	10,619,399	74.1%
Total	**14,327,024**	**100.0%**
Total excl. Treasury shares	**13,419,010**	
Outstanding warrants as of Dec. 31	492,975	
Total diluted	14,819,999	
Total diluted, excl. treasury shares	13,911,985	

[(1)] As % of the number of issued shares, including the treasury shares.

Since December 26, 2018, the capital of EVS is currently represented by 14,327,024 shares. There is only one category of shares, all having the same rights. More information on the EVS capital is available in note 18 of the consolidated accounts.

On December 31, 2022, EVS had 908,014 own shares. According to Euroclear and the EVS Shareholders Register, there were 1,292,604 registered shares of which 811,528 are owned by Michel Counson (who also own 24,378 dematerialized shares), 4,031 by EVS, 93,411 by the EVS employees under the profit-sharing scheme and the remaining balance by 12 shareholders. In the EVS accounts at Euroclear, there were 13,034,420 dematerialized shares.

Shareholders must declare their ownership in EVS shares as soon as their shareholding passes over/under the 3% threshold (required by the company Statutes) and any multiple of 5% thresholds (required under Belgian law). The shareholding percentage must be computed on the basic number of outstanding shares (i.e. 14,327,024 shares at the end of 2022).

8. GENERAL MEETINGS

Each year, EVS holds its Ordinary General Meeting on the third Tuesday of May. In 2022, it was held on May 17th at EVS' premises and through a video conference system, it being understood that the shareholders were recommended to vote by proxy due to the Covid-19 pandemic. Overall, 73 shareholders were present or represented, representing 2,799,870 shares, or 19.5 % of the share capital of EVS. All resolutions were approved at an average rate of 86.15% votes in favor.

For any proposal to amend the articles of associations, the company must invite its shareholders to attend an Extraordinary General Meeting. This assembly can validly cast only if 50% of shares are present or represented. If this is not the case, a second Extraordinary General Meeting shall be convened and will be able to vote, regardless of the percentage of shares present or represented. Decisions will be made to the majorities prescribed by law.

An Extraordinary General Meeting was held on May 17th, 2022 but did not reach the required quorum. A second Extraordinary General meeting has been convened on June 7th, 2022. Overall, 128 shareholders were present or represented, representing 4,055,426 shares, or 28,31% of the share capital of EVS. The proposition to renew the authorization granted to the Board of Directors to acquire and dispose of the Company's shares up to 20% and to alienate own shares to one or more specific persons other than employees of the Company or its subsidiaries has been approved.

The proposition to (i) renew the authorization granted to the Board of Directors to increase the capital within the framework of article 7:198 et seq. of the Belgian Companies and Associations Code as well as (ii) to issue warrants were not adopted as they did not meet the three-quarters majority vote of the votes cast at the Extraordinary General Meeting.

To encourage the interactions between the company and its final shareholders, but also in order to better know them (and serve them), EVS requires, according to the article 24 of its articles of association, the proxies for a general meeting to be signed by the final effective beneficial owner. Hence, proxies signed by a custodian or sub-custodian must be accompanied by another proxy, duly signed by the final effective beneficial owner, allowing him to exercise its rights.

9. SHAREHOLDER ENGAGEMENT

EVS' management regularly engages with shareholders to discuss the evolution of EVS business, performance, and strategy, in particular after the release of our trading updates and (bi-)annual results. In this context, the CEO and CFO have regular contacts with our largest shareholders and value their input. In addition, we continue to consider the feedback we receive from shareholder advisory groups. Finally, we are often responding to the written requests of shareholders irrespective of their size.

EVS' management has intensified the engagement with our shareholders in 2022 and will continue this basis as we consider shareholder dialogue as a top priority. In 2022 multiple international roadshows were organized. We have also engaged our shareholders in the development and validation of our ESG strategy.

10. DIVIDENDS AND PROFIT ALLOCATION POLICY

The Board of Directors examines the results of the previous financial year and proposes at its Ordinary General Meeting that these profits be distributed in the best interest of the company and its shareholders. Bearing in mind the legal restrictions on profit distribution, the Board of Directors can propose a dividend policy that takes into consideration the company's investment and acquisition requirements. Since its IPO in 1998, the company paid dividends. The company initiated in 2006 the payment in November of an interim dividend.

For 2022, the Board of Directors will propose to the shareholders, at the Ordinary General Meeting of May 16th, 2023, the approval of the distribution of a total gross dividend per share of EUR 1.10 for the fiscal year.

In addition, the Board of Directors proposes an exceptional additional dividend distribution to be paid in May 2023. EVS wants to honor its past dividend intentions of EUR 1.00 per share per annum for the period 2018-2021. As such, after difficult market conditions in 2020 linked to COVID-19, EVS proposes to distribute an additional exceptional gross dividend in a two-step approach.

- A first additional exceptional gross dividend of EUR 0.50 per share in May 2022
- A second additional exceptional gross dividend of EUR 0.50 per share in May 2023

Based on an interim dividend payment executed in November 2022 of EUR 0.50, the final payment scheduled for May 2023 is of EUR 1.10.

All of the above is subject to market conditions and to the approval of the Ordinary General Meeting of Shareholders.

The Board of Directors also proposes to grant shares to the employees within the framework of the law relating to profit-sharing schemes. These shares are based on a profit-sharing scheme of 2% of the annual EBIT. Based on an average share price assumption of EUR 22.4, this would represent a total of 42 shares to be awarded per team member (only Belgian team members are concerned). The exact number of shares is to be calculated at a later stage, based on the average closing share price of the last 30 days prior to the publication of the invitation to the Ordinary General Meeting for shareholders and awarded to the overall Belgian population.

Dividends are payable at the following financial institution:
ING BANK SA ("Single ESES Paying Agent Euroclear")
Avenue Marnix 24, 1000 Brussels, Belgium

11. RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of November 14, 2007, on the obligations of issuers of securities which have been admitted to trading on a regulated market, requires that listed companies disclose certain items that may have an impact in the event of a takeover bid.

Capital structure

A comprehensive overview of the Company's capital structure as of December 31, 2022, can be found in the section 7 "Shareholding" of this Corporate Governance Statement.

Restrictions on transfers of securities

EVS' Articles of Association does not contain any provision restricting the transfer of shares.

Holders of securities with special control rights
There are no such securities.

Employee share schemes
Each year, the Board of Directors proposes to the approval of the annual shareholders' meeting the distribution of a certain number of shares of the Company to each Belgian employee of the Company which has been hired before January 1 of the relevant year, in proportion to their effective services (or equivalent), under a profit-sharing plan relating to the distribution of the profits of such financial year.

Restriction on voting rights
Each EVS share entitles holders to exercise one vote at the shareholders' meetings.

The Articles of Association of the Company do not contain any restrictions on the exercise of voting rights by the shareholders, provided that the shareholders concerned comply with all formalities to be admitted to the shareholders' meeting and have complied with the relevant rules on disclosure of major shareholdings.

Shareholder agreements
The Company is not aware of any shareholder agreement which includes or could lead to a restriction on the transfer of its shares or exercise of voting rights related to its shares.

Appointment of members of the Board of Directors
The rules applicable to the appointment and replacement of members of the Board of Directors are set out in the section 2 "Board of Directors" of this Corporate Governance Statement.

Amendment of the Articles of Association
Amendments to the Articles of Association must be submitted as a resolution to the Shareholders' Meeting. In order to be approved, the resolution requires at least 50% of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. If the quorum is not reached, a second meeting may be convened at which no presence quorum shall apply. The aforesaid special majority voting requirement, however, remains applicable.

Authorized capital
Pursuant to a decision of the Extraordinary General Meeting of December 4, 2017, the Board of Directors is authorized to increase the capital on one or more occasions by a maximum amount of one million and six thousand euro (1,600,000 EUR), excluding the share premium. These increases of capital can be performed by means of contributions in cash, contributions in kind or incorporation of reserves. Within the limits of this authorization, the Board of Directors shall be allowed to issue convertible bonds or subscription rights, within the limits permitted by the Code of Companies and Associations. In the event of a share capital increase with share premium, such premium shall be recorded in an account called "réserves indisponibles" ("unavailable reserves"). Also, in the event of an issuance of subscription rights, their issuance price shall be recorded in an account called "réserves indisponibles" ("unavailable reserves".) In the event of any issuance of shares, convertible bonds or subscription rights, the Board of Directors shall be allowed to limit or revoke the shareholders' right of preference, as the case may be, in favor of one or more specific persons, in accordance with the conditions 5 set forth by the Board of Directors and, the case being, within the limits permitted by the Code of Companies and Associations (article 7 of the articles of associations).

The above authorization has expired on 15 January 2023.

Acquisition of own shares
The Extraordinary General Meeting of shareholders of June 7, 2022 gave the following authorization to the Board of Directors (article 10 of the articles of associations):

1. The Company may acquire, pledge or dispose of its own shares in accordance with the law.
2. For a period of five (5) years from the publication in the Annexes to the Belgian Official Gazette of the decision of the extraordinary general meeting of shareholders of May 17, 2022 (or, if applicable, in case of postponement of June 7, 2022), the Board of Directors is authorized to acquire on the stock exchange or otherwise, shares in the Company up to a maximum of 20 % of the issued shares, fully paid up, at a unit price which may not be more than 20% lower than the lowest price during the last 12 months preceding the transaction and which may not be more than 20% higher than the highest closing price during the last 20 days of trading of the Company's shares on Euronext Brussels preceding the acquisition. This authorisation shall be renewable.
3. Furthermore, in accordance with article 7:218, § 1, 4° of the Belgian Companies and Associations Code, the Board of Directors is explicitly authorised to dispose of the own shares acquired by the Company to one or more specific persons other than members of staff of the Company or its subsidiaries.
4. The powers and authorisations referred to in this Article is extended to the acquisition and disposal of shares of the Company by one or more subsidiaries directly controlled by the Company within the meaning of the Companies and Associations Code.

Significant agreements or securities that may be impacted by a change of control of the company
None

12. RESPECT OF THE BELGIAN CODE ON CORPORATE GOVERNANCE

EVS has adopted the Belgian Code on Corporate Governance 2020 as reference code for EVS Corporate Governance Charter. In accordance with the "comply or explain" principle laid down in the said Code, the board of directors reserves the right to assess and adjust the application of these standards of good governance regarding EVS' field of activity, its capabilities and its related constraints, as explained below:

- **Independent Internal Audit (Article 4.14 of the Belgian Code on Corporate Governance 2020):** Given the size of the company, it has been decided and confirmed on regular basis that an independent internal audit as foreseen by the Belgian Code on Corporate Governance 2020 cannot be implemented. Rather than having an independent internal audit, focus is given to develop internal control mechanisms that help the company to monitor risks and inefficiencies. It is the Audit Committee that makes recommendations on the selection, appointment, reappointment, and removal of the head of internal audit and should monitor management's responsiveness to the audit committee's findings and recommendations. While the internal control function has mainly been carried out by the CFO in 2022, the Audit Committee has completed a process of confirming the scope and future evolution of the internal control. In 2022 a new position was created and staffed, Head of Treasury, Risk Management and Financial Reporting. This position will also supervise in the future the internal controls of EVS. The function is assisting to the Audit Committee. EVS is undergoing a considerable transformation whereby the focus on designing and implementing sound and efficient process is a first layer to support our growth ambitions. This business process modeling (BPM) exercise is progressing well, and the outcome of the exercise is the basis of our new ERP implemented in October 2022. In 2023 we will continue focus expanding the scope of the BPM. In following periods (post 2023), we will identify critical control points of all the processes designed as to monitor the effectiveness and efficiency of our way of working. These steps are the supporting elements to an internal control framework that will be implemented over time.
- **Part of the remuneration of the non-executive directors in form of shares (Article 7.6 of the Belgian Code on Corporate Governance 2020):** further to a study on the practice and benchmark in this matter conducted in 2021, notably on companies of comparable size, the Board of Directors has decided at this stage not to apply the possibility of allowing the non-executive director to receive a part of their remuneration in the form of shares of the company to avoid conflict of interests and safeguard the independence of the non-executive directors. Such position will be reviewed by the board of Directors on regular basis based on updated practice and benchmarks.
- **Minimum threshold of shares hold by Executives (Article 7.9 of the Belgian Code on Corporate Governance 2020):** with respect to executives, and further to a study on the practice and benchmark in this matter conducted in 2021, notably on companies of comparable size, the Board of Directors has decided at this stage not to apply the possibility of setting a minimum threshold for shares that executives must hold to avoid any speculation and also, given the fact, that although that is not mandatory, the majority of the members of the Executive Management is already shareholder of EVS. Such position will be reviewed by the board of Directors on a regular basis based on updated practice and benchmarks. Additionally, while there is no minimum threshold, it's worth noting that the Board of Directors strongly encourages executives to hold shares in the company.

EVS is complying with all other provisions of the Belgian Code on Corporate Governance 2020, including, for the sake of clarity:

(i) evaluation of internal control systems and risks (Article 4.11 of the Belgian Code on Corporate Governance 2020): analysis has been conducted in 2021 and 2022 having updated the Audit Committee on company's internal control and risk management systems which will be monitored by the Head of Treasury and Risk Management as of 2023.

(ii) minimum vesting period of 3 years for EVS stock options (Article 7:11 of the Belgian Code on Corporate Governance 2020) applying for the 2020 and 2021 EVS warrant plans as well as to the 2022 stock option plan.

(iii) evaluation of the Audit Committee (Article 9 of the Belgian Code on Corporate Governance 2020) which has been performed in 2022 based on an external and independent assessment.

13. REMUNERATION REPORT

13.1. Introduction

At the Ordinary General Meetings of May 18, 2021 and May 17, 2022, a significant number of our shareholders expressed dissent with respect to the approval of our remuneration report: the 2020 and 2021 remuneration reports were approved at a majority vote of 61.4% and 57.3% respectively.

We acknowledge the importance of this feedback and take our responsibility to engage with shareholders seriously. Based on the concern of our shareholders and the proxy advisors, we have chosen to take action through:

(a) the review of the structure and the content of the present 2022 remuneration report (i) by increasing the level of our disclosure in terms of performance metrics with regard to the variable remuneration of the members of the Executive Management and by (ii) explaining the reasons why we are deviating from the Belgian Companies and Association Code in terms of variable remuneration of our executives, while we will gradually align their long term incentive with performance and multi-year objectives.

(b) the update of our remuneration policy taking into account above aspects to be in line with market standards and to further increase our transparency towards our shareholders.

In this context, we are also committed to ongoing dialogue with our shareholders and have therefore conducted a shareholders' analysis in H2 2022 to continue to actively engage with our top shareholders, notably on these aspects and other important issues. We appreciate the valuable input that our shareholders provide and will take their views into account as we work to create long-term value for all our stakeholders.

13.2. The Directors

13.2.1. Remuneration policy

EVS is committed to having a Board of Directors that can provide sector-specific insights, dynamism, innovation, and diversity to better reflect the unique demands of the EVS market. This is an essential driver for the EVS profitable growth strategy in an international and innovative sector. To attract, motivate, and retain competent directors while contributing to the short-term and long-term performance of the company, our EVS remuneration policy grants to Directors both fixed and variable remuneration (for our non-executive Directors only and based on meeting attendance). This policy not only encourages attendance and contributions, but also supports our Directors in bringing in technology innovation, cultural diversity, and new perspectives. Additionally, it promotes prudent risk management, while aligning with Belgian recommendation from Governance institutes such as Guberna and uses company peer-groups to establish Belgian benchmarks relevant to EVS' specificities in terms of company size, international footprint and technological innovation.

Directors receive an annual fixed amount, eventually on a pro rata basis. This fixed amount includes the participation to 6 meetings per year. The non-executive Directors also receive, as remuneration for the execution of their mandate, a fixed amount for each additional Board meeting above 6 meetings per year and special committee meeting attended.

The policy and the remuneration of the Directors are approved by the Ordinary General Meeting. The Ordinary General Meeting of May 2022 unanimously approved the increase of the remuneration of the Board of Directors, proposed after an analysis made with comparable companies, and with the aim to align with Belgian benchmarks to attract competent Directors in a highly technological market and with the aim of professionalizing even more the governance of the company.

Since the Ordinary General Meeting of May 2022 approved the 2022 remuneration policy (with effect as of January 1, 2022), the remuneration of the Directors is therefore fixed as follows (EUR):

		Fixed amount		**Variable amount linked to attended meetings**		**Other**[1]
		Board of Directors	**Special committees**	**Board of Directors**	**Special committees**	
Non-executive						
Innoconsult bvba, represented by Martin DE PRYCKER	Independent Director	22,000 covering up to 6 meetings per year.	4,000 being Chairman of the Audit Committee	2,000 above 6 meetings for a full year of presence	1,500 per attendance	
7 Capital sprl, represented by Chantal DE VRIEZE	Independent Director	22,000 covering up to 6 meetings per year.		2,000 above 6 meetings for a full year of presence	1,500 per attendance	
Acompany You, represented by Anne CAMBIER	Independent Director	22,000 covering up to 6 meetings per year.	4,000 being Chairman of the Nomination and Remuneration Committee	2,000 above 6 meetings for a full year of presence	1,500 per attendance	
The House of Value – Advisory & Solutions BV, represented by Johan DESCHUYFELEER	Chairman and Independent Director	44,000 covering up to 6 meetings per year.		2,000 above 6 meetings for a full year of presence	1,500 per attendance	
Frédéric Vincent	Independent Director	22,000 covering up to 6 meetings per year.		2,000 above 6 meetings for a full year of presence	1,500 per attendance	
Marco Miserez	Independent Director	22,000 covering up to 6 meetings per year.		2,000 above 6 meetings for a full year of presence	1,500 per attendance	

[1] The Ordinary General Meeting of May 2022 unanimously approved the granting to the members of the Board of Directors of an additional global remuneration of EUR 25,000 per year for all members of the Board of Directors for the performance of exceptional tasks in the context of their function as director as validated by the Board of Directors (such as, in particular, interviews, preparation meetings and other internal meetings other than meetings of the Board of Directors or of a Committee (Audit, Remuneration or Strategic)). This amount is allocated by the Board of Directors among its members according to the number and importance of exceptional missions actually carried out by each of them.

Executive		
Michel COUNSON	Managing Director	22 000 covering up to 6 meetings per year.

The fixed amounts are adjusted pro rata temporis according to the appointment/resignation date during the year.

Remarks:

- The Company and its subsidiaries do not provide any personal loans, guarantees and such to the members of the Board of Directors or the Executive Management. If Directors are charged with special tasks or projects, they are entitled to receive an appropriate remuneration for those activities, which is notably the case for the Executive Directors.

- No termination compensation is provided for non-executive Directors at the end of their mandate. Non-executive directors do not receive any shares, warrants or stock options. Non-executive directors do not receive any performance-based compensation and retirement benefits.

13.2.2. Remuneration report in 2022

In 2022, Directors received the following compensation for the execution of their mandate (EUR) in application of the 2022 remuneration policy as described above:

		Fixed amount		**Variable amount linked to attended meetings**		**Other**	**TOTAL 2022**
		Board of Directors	**Special committees**	**Board of Directors**	**Special committees**		
Non-executive							
Innoconsult bvba, represented by Martin DE PRYCKER	Independent Director	22,000	4,000	2,000	9,000	1,000	38,000
7 Capital sprl, represented by Chantal DE VRIEZE	Independent Director	22,000			6,000	500	28,500
Acompany You, represented by Anne CAMBIER	Independent Director	22,000	4,000	2,000	6,000	4,000	38,000
Philippe MERCELIS	Independent Director	0	0		0	0	0
The House of Value – Advisory & Solutions BV, represented by Johan DESCHUYFELEER	Independent Director	44,000		2,000	10,500	2,500	59,000
Frédéric Vincent	Independent Director	14,666			1,500	500	16,666
Marco Miserez	Independent Director	18,333			3,000		21,333
Executive							
Michel COUNSON	Managing Director	22,000					22,000
TOTAL							**223,499**

As of December 31, 2022, based on the last statements received by the company and the latest modification of the shareholders' register, the members of the Board of Directors held, directly or indirectly, 835,906 shares of a total of 14,327,024, or 5.8% of the capital.

13.3. The CEO and the other members of the Executive Management (known as the Leadership Team)

13.3.1. Remuneration policy

13.3.1.1 Our vision

EVS is committed to offer everyone an individualized, fair, and competitive compensation package that reflects their performance and level of responsibility.

Our remuneration policy regarding the members of the Executive Management is founded upon five core values that drive our efforts to attract, motivate and retain competent and professional executives:

- First, we ensure that our compensation aligns with company peer-groups to establish Belgian benchmarks relevant to EVS' specificities in terms of company size, international footprint and technological innovation to remain competitive in the local market.

- Second, we strive to be innovative by considering new differentiation methods to provide unique and attractive compensation packages.
- Third, we strike a balance between the Belgian and international markets to ensure our compensation packages remain relevant and competitive globally.
- Fourth, we take into account the specificity of the technology sector to cater for the unique demands of this rapidly evolving industry.
- Finally, our policy is designed to promote long-term profitable and sustainable growth while considering the interests of all stakeholders, including shareholders, customers and team members.

Together, these values underpin our remuneration policy and enable us to attract and retain the best talent, skills, and abilities, while motivating our executives to achieve the company's short-term and long-term ambitions and objectives.

Against this background, the level of the remuneration is determined as a function of the tasks and responsibilities and is assessed annually by the Nomination and Remuneration Committee. The level of remuneration is also compared to external references, either through studies or through external counsels. In particular, our remuneration policy takes into account the market position and individual contributions of each member of the Executive Management, in alignment with our remuneration policy applying for all company personnel. To this end, we are using Hay Group's Job Evaluation Methodology (managed by the company Korn Ferry) to grade functions and benchmark these against market practices. The HR department requests Korn Ferry Hay Group to perform regularly a sanity check of the existing classification in order to ensure a correct, consistent and solid basis for classification related applications. At EVS, comparisons to the market are made with the median of the market, rather than the average. To be at a fair level of remuneration compared to the market, we consider a fair remuneration in a range between 80% and 120% of the market median. The benchmarks used are chosen according to the sector, the size of the companies and the location.

13.3.1.2 Compensation components of the CEO and other members of the Executive Management

13.3.1.2.1 Overview

Our remuneration policy for the members of the Executive Management foresees a

i. fixed compensation complemented by
ii. a short-term variable cash compensation (STI) that is based on financial and non-financial performance criteria (EBIT, Order Intake and Performance) paid in cash and
iii. a long-term incentive consisting of warrants/stock options.

The variable compensation pillars are distributed according to the percentages listed in the below table:

	Base compensation (BC)	STI (a) On Target	STI (a) Metrics			LTI (b) Stock options	Other benefits (c)	Insurance and pension contributions (c)
			Fin.	Fin.	Non-Fin.			
			EBIT	Order Intake	Performance			
CEO	EUR 363,225	40% of BC	100%	-	-	33,000	None	N/A
CCO		40% of BC	35%	55%	10%	Max. 20% of BC	None	N/A
CFO		20% of BC	70%	-	30%	Max. 20% of BC	None	N/A
CMO		20% of BC	70%	-	30%	Max. 20% of BC	None	N/A
CPO		20% of BC	70%	-	30%	Max. 20% of BC	None	N/A
CTO		20% of BC	70%	-	30%	Max. 20% of BC	None	N/A
EVP		20% of BC	70%	-	30%	Max. 20% of BC	None	N/A

(a) Cash-based Short-Term Incentive (STI)

The financial and non-financial metrics of the Short-Term Incentive (STI) (e.g. the annual EBIT, Order Intake and Performance, as provided for in the Remuneration Policy) are essential to achieve EVS' strategic objectives in the short term.

- Financial
  - The annual EBIT (Earnings before interest and taxes) objective allows our company to aim for improving our profitability, ensuring our financial performance, and strengthening our long-term financial capacity, notably to ensure compliance with our dividend distribution policy.
  - The annual order intake objective is essential to ensure that we increase our sales as well as strengthening the customer relationship while ensuring our company maintains a steady growth of revenue and consolidates our position in the market.
- Non-Financial

- The annual performance objective helps to focus on projects that are either important and/or urgent to carry out during the given year, considering the interests of the company and its customers.

All of the above elements enhance shareholders' value by contributing to our company's growth strategy, interests, and long-term sustainability, in combination with the allocation of warrants or stock options, which provide long-term focused benefits. It is to be noted that the achievement of the metrics linked to the Short-Term Incentive will always be evaluated at constant perimeter versus the budget.

The financial STI targets are validated by the Board of Directors at the beginning of the relevant financial year and the achievements are followed up quarterly and assessed annually. The assessment period is the last fiscal year and the STI amount is confirmed at the end of the first quarter of the following year. The Nomination and Remuneration Committee is assessing the target achievements and the related payout compared to the results of the company to ensure that the future targets remain in line with the global performance of the company.

The weights in percentage of the STI criteria are assessed by the Board of Directors annually and adapted, when necessary, by amending our Remuneration Policy, subject to the approval of our shareholders.

(b) Warrant/stock options-based Long Term Incentive (LTI)

Stock options that apply to existing shares or give a right to subscribe to newly created shares in case of a capital increase in the future are called "warrants" in Belgium. Alternatively, the company may also grant stock options that apply to existing shares only, which are referred to herein as stock options. In both cases, the beneficiary will be given the right to buy the company's stock at a pre-determined price (strike price) before an expiration date but after a minimum vesting period of 3 years, which implies that the company is rewarding, retaining, and motivating the executives on the long term. In most countries, stock options are considered taxable when they are exercised. In Belgium, however, a special regime is in place that requires a taxation when the options are granted. As such, there is an upfront investment when the warrants or stock options are awarded which implies that the beneficiary may lose such upfront investment in case the warrants or stock options cannot be exercised (e.g. if the warrant or stock option expires before it reaches the strike price or in case of departure of the beneficiary from the company).

The compensation in warrants/stock options contributes to our company's commercial strategy, interests, and long-term sustainability and is in line with the shareholders' expectations to create shareholders' value:

- On the one hand, insofar as the beneficiaries are directly incentivized to contribute to the company's profitable growth, which they can benefit from by exercising their warrants/stock options if the company's value were to increase between the time of allocation and the exercise of these warrants/stock options. This also motivates them to take sustainable and value creation actions.
- On the other hand, insofar as the beneficiaries are incentivized to stay and invest in the company if they want to be able to benefit from the exercise of the warrants/stock options that have been allocated to them, as the warrants/stock options are taxed at the time of allocation (this investment being lost in the event of departure) and may only be exercised at least three calendar years after their allocation

(c) Other benefits and pension contributions

The CEO and the other members of the Executive Management are management companies which provide their services on an independent basis, which implies that they do not benefit from other benefits, insurance and pension contributions such as our employees do.

(d) Focus on performance and multi-year objectives

While the above variable remuneration of our executives is deviating from the Belgian Companies and Association Code in principles which is allowed subject to the approval of the General Meeting (Under the terms of the 2nd Indent of Article 7:91 of Belgian Company and Association Code, in a listed company, if an executive variable pay exceeds one-quarter of annual remuneration, at least one-quarter of the performance period must exceed two years, and another one-quarter must exceed three years, unless otherwise approved by the General Meeting), please note that EVS is gradually introducing an updated warrant/stock options based LTI to attract, retain and reward the Executive Management by aligning the warrants/stock options based LTI on performance criteria and multi-year objectives.

We expect this updated LTI to be a powerful tool for even more aligning the interests of our company's Executive Management with the long-term sustainable growth of EVS. By providing rewards for loyalty, profitability growth, and ESG objectives, the updated LTI will further help strengthening the culture of accountability and responsibility and drive sustained success for EVS over the long term and increase shareholder value.

From 2023, the updated LTI shall provide yearly a variable number of warrants/ stock options based on:

- *Long term performance*, which is evaluated based on (1) the long-term profitability growth (two-years rolling EBIT growth) and (2) the positive evolution of environmental, social, and governance (ESG) objectives, up to a level of 50% of the weight of the LTI. Since 2022, EVS has introduced the necessary measurement instruments to assess these long-term performance indicators and grant warrants/stock options-based LTI accordingly. Both indicators are governed by the EVS multi-year Strategic and ESG rolling plans.

- *Loyalty and retention* of the Executive Management, which secures EVS' strategic growth. As the beneficiaries must pay a non-recoverable tax upon the grant of the warrants/stock options (at Belgian level), and that they are required to wait for a minimum vesting period of 3 years before they can exercise their warrant/stock options, The LTI provides a reward to team members who stay with the company for a specified period of time.

This updated version of the LTI will be gradually implemented within a 3-year timeframe starting in 2023.

The granting of the LTI is reviewed and decided annually by the board of directors.

13.3.1.2.2 STI

a. CEO

EBIT Target	Below Threshold	Threshold	On-Target	Cap
Achievements	<80%	80%	100%	120%
EBIT Target: 30,074 kEUR	*< 24,059 kEUR*	*24,060 kEUR*	*30,074 kEUR*	*36,089 kEUR*
Payout	0%	50%	100%	150%

STI Maximum opportunity: 60% of the Base Compensation (i.e. 217,935€)

b. CCO

EBIT Target	Below Threshold	Threshold	On-Target	Cap
Achievements	<80%	80%	100%	120%
EBIT Target: 30,074 kEUR	*< 24,059 kEUR*	*24,060 kEUR*	*30,074 kEUR*	*36,089 kEUR*
Payout	0%	50%	100%	150%

Performance Target			On-Target		Cap
Achievements	0%	50%	100%	125%	150%
Payout	0%	50%	100%	125%	150%

Order Intake Target	Below Threshold	Threshold	On-Target	Cap	Super Cap
Achievements	<80%	80%	100%	110%	120%
Payout	0%	30%	100%	145%	200%

STI Maximum opportunity: 71% of Base Compensation

c. CFO, CTO, CPO, CMO, EVP

EBIT Target	Below Threshold	Threshold	On-Target	Cap
Achievements	<80%	80%	100%	120%
EBIT Target: 30,074 kEUR	*< 24,059 kEUR*	*24,060 kEUR*	*30,074 kEUR*	*36,089 kEUR*
Payout	0%	50%	100%	150%

Performance Target			On-Target		Cap
Achievements	0%	50%	100%	125%	150%
Payout	0%	50%	100%	125%	150%

STI Maximum opportunity: 30% of Base Compensation

Remark on 2022 disclosure:

- EBIT and Order Intake Target: while it would be detrimental for EVS business (especially with regard to the competition) to disclose the details of the Order Intake target, we have decided to share both 2022 EBIT target and achievement to increase the transparency towards our shareholders. It is to be noted that the achievement of the EBIT is always measured at constant perimeter versus the budget.

- The non-financial Performance Targets typically relate to operational efficiency, customer and team member satisfaction. Please find below some examples of the 2022 performance targets:

- Operational efficiency:
  - Implementation of the new ERP
  - Business process management
  - Business continuity process
- Customer satisfaction
  - First Top employer certification
  - Increase satisfaction in yearly engagement survey
  - Further improve Comp&Ben strategy
- Employee satisfaction
  - Increase innovation
  - Improve time to market
  - Optimize support organization

There is no advance payment for the variable remuneration of the members of the Executive Management.

13.3.1.2.3 Claw-back provisions

As a preliminary comment, please note that Claw-back provisions are limited because the potential beneficiaries do not receive any advance payment.

(a) Consequences on the STI in case of termination of the services agreement of the CEO and other members of the Executive Management

In case of termination of the services agreement of the CEO and other members of the Executive Management, the STI is not due, except in case of termination (i) by EVS without cause (or for unavailability of the provider due to medical reason or death) or (ii) by the provider with cause, in which cases, the provider shall remain entitled to the payment of the STI:

- related to the fiscal year preceding the year during which the written notice of termination shall have been given.
- related to the fiscal year during which the written notice of termination shall have been given only if the written notice is given after July 1 of such fiscal year, and only on a pro rata basis (or when the cause is for unavailability of the provider due to medical reason or death)– 50% of such STI is due if the written notice is given before July 1 of such fiscal year or 100% of such STI is due if the written notice is given after July 1 of such fiscal year.

(b) Consequences on the LTI **in case of termination of the services agreement of the CEO and other members of the Executive Management**

In case of termination of the services agreement of the CEO and other members of the Executive Management, the non-exercisable warrants/ Stock options are lost unless the Board of Directors decides otherwise.

13.3.2. Remuneration report in 2022

13.3.2.1.1 Overview

CEO

Metrics	Weight (%)	Threshold	Target	Cap	Actual
Annual EBIT	100%	24,059,200 €	30,074,000 €	36,088,800 €	**31,712,200 € (105% of EBIT Target)**
Payout		72,400 €	144,800 €	217,200 €	**164,597 € 114 % of Target 76% of Max**

Others

Metrics	Weight (%)	Threshold	Target	Cap	Actual
Financial					
Annual EBIT		24,059,200 €	30,074,000 €	36,088,800 €	**31,712,200 € (105% of EBIT Target)**
OI		Non disclosed	Non disclosed	Non disclosed	Non disclosed
Payout			268,302 €		**362,658 € 135% of On-Target payment**

Non-Financial				
Performance targets	40,198 €	80,396 €	120,594 €	**100,497 € 125% of On-Targett payment**
TOTAL				
				462,855 € 133% of On-Target payment

13.3.2.1.2 CEO

InnoVision BV, represented by Serge Van Herck, CEO received as Base Compensation a total amount of EUR 363,225 and a STI of EUR 164,597 for the year 2022.

13.3.2.1.3 Other members of the Executive Management

For fiscal year 2022, the other members of the Executive Management were:

- Ikaro Srl, represented by Nicolas BOURDON, CMO
- RCG Srl, represented by Quentin GRUTMAN, CCO
- M2C Srl, represented by Pierre MATELART, CPO
- WeMagine Srl, represented by Veerle DE WIT, CFO
- Tols Srl, represented by Xavier ORRI, EVP Operations & Projects
- Openiris Ltd, represented by Alex REDFERN, CTO

The other members of the Executive Management received a global Base Compensation of EUR 1,490,980 (total company cost) and a STI of EUR 469,989 (total company cost) for the year 2022.

13.3.2.1.4 Warrants/ Stock options

In 2022, as the proposition relating to the issuance of the warrants was approved at 74.5% (below the required majority of 75%) by the 2022 shareholders' meeting, the Board of Directors has decided not to award warrants but stock options (i.e. stock options applying to existing shares only and not giving a right to subscribe to newly created shares as it is the case for the warrants - which excludes any dilution impact for the shareholders) based on the authorization granted by the same 2022 shareholders' meeting to the Board of Directors to acquire, dispose and alienate Company's shares. Such stock options have been awarded to the CEO and the other members of the Executive Management after the Board of Directors' approval upon the recommendation of the Nomination and Remuneration Committee based on the results of the company and their overall performance in accordance with the Remuneration Policy. As indicated above, according to the applicable Belgian tax regime, there is an upfront investment when stock options are awarded, which implies that the beneficiary may lose such upfront investment in case the stock options cannot be exercised (e.g. if the stock option expires before it reaches the strike price or in case of departure of the beneficiary from the company).

In 2022, the CEO and the other members of the Executive Management, received stock options as follows in accordance with the 2022 EVS Stock Options Plan:

- Serge Van Herck: 33,000 stock options
- Xavier Orri: 7,500 stock options
- Veerle De Wit: 7,500 stock options
- Pierre Matelart: 7,500 stock options
- Nicolas Bourdon: 7,500 stock options
- Quentin Grutman: 10,000 stock options
- Alex Redfern: 7,500 stock options

The main features of the 2022 Stock option Plan were as follows:

- Grant date: 29 September 2022
- Vesting period: 3 calendar years (until 31 December 2025)
- First possible day of exercise: 1 January 2026
- Term of options: 6 years (expiration date of stock options: 28 September 2028)
- Strike price: 18,62 EUR (Last closing price preceding 29 September 2022)

Other active warrants plans:

The main features of the 2020 Warrant Plan were as follows:

- Grant date: 22 October 2020
- Vesting period: 3 calendar years (until 31 December 2023)
- First possible day of exercise: 1 January 2024
- Term of options: 6 years (expiration date of warrants: 21 October 2026)
- Strike price: 13,69 EUR (Average of EVS close share price 30 days before 22 October 2020)

The main features of the 2021 Warrants Plan were as follows:
- Grant date: 22 June 2021
- Vesting period: 3 calendar years (until 31 December 2024)
- First possible day of exercise: 1 January 2025
- Term of options: 6 years (expiration date of warrants: 21 June 2027)
- Strike price: 18,21 EUR (Average of EVS close share price 30 days before 22 June 2021)

13.4. Comparative information on the evolution of compensation and company performance

The below table shows the evolution of the compensation over a period of 5 years.

In €	2018	2019	2020	2021	2022
Remuneration Evolution					
Average remuneration of employees	74,778	81,572	78,056	87,327	89,392
Annual remuneration of employees	35,668,900	37,849,582	39,652,396	47,287,513	53,456,704,
EVS Performance					
EBIT (€ million)	28.1	23.0	5.7	37.1	31.7
Order intake (€ million)	106.4	120.6	103.4	149.3	218.8
ROCE	54.7%	27.3%	8.1%	38.0%	31.3%
Free cash-flow (€ million)	32.0	21.2	9.5	38.2	3.5

As defined by the law of April 28, 2020, going forward the Group will publish the ratio between the highest paid member of the management (CEO) and the lowest paid employee in Belgium. For 2022 this ratio is 9x. In terms of methodology, the average compensation of employees is calculated by dividing the total wage costs by the average number of FTEs in the year.

Lowest paid employee is defined as a full-time employee in Belgium who has worked for a full year and holds the lowest base salary at year end, actual total remuneration received by such employee is considered in the calculation of the ratio.

Publishing of this ratio is a new practice required by the law and as such it will be assessed and evaluated in the future considering the evolution of the ratio.

14. CONFLICT OF INTEREST PROCEDURES

During the year under review, there was no conflict of interest according to the specific procedure provided for under Article 7:96 of the Belgian Company and Association Code.

15. RISKS AND UNCERTAINTIES

Investing in the stock of EVS Broadcast Equipment ("EVS") involves risks. As requested by the EU Regulations and the Belgian law (Belgian Company and Association Code and Royal Decree of 14 November 2007), you and any investor should carefully consider the following risk elements and all other information contained in this annual report before purchasing our common stock. If any of the following risks occurs, our business, financial condition or results of operations could be impacted. In that case, the trading price of our common stock could decline, and you may lose some or all of your investment.

EVS describes the risks linked to the environment we act in. These are generic risks, that are potentially highlighted in our Risk Management Framework. If the generic risks are not taken up in our overall Risk Management Framework, this implies that the risk is likely not eminent at this point in time or the risk is considered a very general risk.

Generic risks pointed out by EVS are as follows:

- We face competition and if we are unable to compete effectively, we may experience decreased sales or pricing pressure, which would negatively impact our future operating results.

- We derive a substantial majority of our revenues from customers in the broadcast industry that use our products for both production and transmission of television content. If we fail to generate continued revenues from this market or if there is a downturn in this market, our revenues could decline.

- Even if we diversify our portfolio, we depend on sales of our XT and XS video server products, as they are generally at the core of all our solutions. If market demand for these products does not continue, our future operating results could be harmed.

- Our business may be harmed if our contract manufacturers are not able to provide us with adequate supplies of our products: this is a ongoing concern with the current shortage in the market of electronic components.
- If we experience delays, shortages or quality issues from our component suppliers, our product sales could suffer.
- Our future success depends on our ability to attract and retain key personnel, and our failure to do so could harm our ability to grow our business.
- The average selling price of our products may decrease which could negatively impact our operating results.
- Our end users require a high degree of product reliability. If we are unable to provide high quality products, our relationships with end users could be harmed.
- If we fail to develop and introduce new products or enhancements to existing products in a timely manner, or if we fail to manage product transitions, we could experience decreased revenues in the future.
- If we fail to respond to technological changes and evolving industry standards, our products could become obsolete or less competitive in the future.
- If our products do not interoperate with other systems, installations could be delayed or cancelled.
- Our products are highly complex and may contain undetected software or hardware errors, which could harm our reputation and future product sales.
- If we fail to manage our growth effectively, our business could be harmed.
- We may not be able to continue to maintain or increase our profitability and our recent growth rates may not be indicative of our future growth.
- Our quarterly operating results have fluctuated in the past and may continue to fluctuate in the future, which could cause our stock price to decline.
- We have significant international operations and derive most of our revenues from international customers, which exposes us to significant risks, including risks relating to currency fluctuations.
- Our future financial performance depends on growth in the markets for video servers and digital tapeless solutions. If these markets do not continue to grow at the rate that we forecast, our operating results would be materially and adversely impacted.
- Investment processes of our clients can be lengthy and unpredictable, which may make it difficult to predict sales in any particular quarter.
- Our use of open-source software and other third-party technology and intellectual property could impose limitations on our ability to market our products.
- Failure to protect our intellectual property could substantially harm our business.
- If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time-consuming litigation or expensive licenses, which could harm our business.
- We are subject to governmental export controls that could subject us to liability or adversely affect our ability to sell our products in international markets.
- We are subject to environmental and other health and safety regulations that may increase our costs of operations or limit our activities.
- We may expand through acquisitions of, or investments in, other companies, each of which may divert our management's attention, result in additional dilution to stockholders or use resources that are necessary to operate other parts of our business.
- The issuance of new accounting standards or future interpretations of existing accounting standards could adversely affect our operating results.
- Maintaining and improving our financial controls and the requirements of being a public company may strain our resources and divert management's attention.

- We or one of our affiliates might require additional capital to support business operations, and this capital might not be available on acceptable terms, or at all.

In 2022, EVS considerably spent efforts to improve its Risk Management Framework. With the idea of anticipating and managing potential risks, we have implemented a new risk framework with multiple objectives:

- Allows a structured identification of risks: risks are reviewed periodically by the Leadership Team.
- Allows a structured and consistent evaluation of risks (based on a predefined impact grid) throughout the entire company. In this phase, a risk matrix is drawn up. Each risk is evaluated in terms of impact and likelihood.
- Provides a prioritization of risks (to be more selective in the risks that require attention).
- Focuses on mitigation of the prioritized risks.

This approach allows:

- Better focus & use of resources.
- Better steering of the company through an alignment at Leadership Team / Board level.
- Easier alignment with overall strategy.

Our focus is mainly on high priority risks; however, we record all identified risks as a way of being in line with the EVS global strategy, ensuring coherence and helping to achieve our business objectives. It also helps us to assess whether we allocate resources efficiently.

Below we provide a non-exhaustive overview of some of the risks impacting EVS. Not all risks are shared transparently, as some risks could contain confidential information or could reveal competitive data.

15.1. risks with high inherent risk

- Risks linked to the shortage of components is leading to unsecure delivery terms and higher prices. The inability to foresee the issues of the components market may negatively impact our customers should we no longer be in a position to deliver our customers in time. Lack of proactiveness in the supply chain may also lead to higher prices again impacting the sales price, or adversely the gross profit margin of EVS.
- Risk of cyberattack leading to inability to produce, ship, deliver and support customers.
- Risk of shutdown of critical systems leading to business interruption and potential inability to serve our customers.
- Underestimation of customers'/operators' acceptance on new product introductions, potentially leading to a lack of adoption of new solutions.
- Insufficient development of talent pool potentially limiting the transformation power of the company and leading to incomplete succession plans. Potential lack of sufficient talent can also lead to loss of critical knowledge and potential business interruption.
- Risk of changing fiscal regime for tax deductions linked to innovation and research may directly affect our Net Profit and our Earnings Per Share.

15.2. risks with moderate inherent risk

- Risk of not prioritizing internal projects and the related allocation of resources, potentially leading to inefficiencies and inconsistencies regarding the internal transformation of the company.
- Risk of making wrong technical choices for future developments, potentially leading to irrelevant products that will not meet the market's needs.
- Risk of not anticipating changes in the market, potentially resulting in a loss of competitive advantage and loss of the leadership position.
- Lack of integration of remote offices into the EVS' group culture, potentially leading to inefficiencies and inconsistencies within the organization.
- Failure to anticipate negative impacts from climate change (e.g. extreme heat, floods,…), may lead to business interruptions.
- Risk of fraud may lead to financial and reputational impacts.

The Board of Directors
Liège, March 31, 2023

CERTIFICATION OF RESPONSIBLE PERSONS

Serge Van Herck, CEO*
Veerle De Wit, CFO*

Certify that, based on their knowledge,

a) the annual financial statements, prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, fairly present in all material respects the financial condition and results of operations of the issuer and the companies included in the consolidation,
b) the management report fairly presents the important events and related parties transactions of 2022, including their impact on the full financial statements, and a description of the main risks and uncertainties.

* acting on behalf of a BV/SRL

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	2022	2021
Revenue	3	148,158	137,578
Cost of sales	6.1	-49,314	-41,764
Gross profit	6.1	**98,844**	**95,814**
Gross margin %		**66.7%**	**69.6%**
Selling and administrative expenses	6.3	-39,815	-32,392
Research and development expenses	6.2	-26,267	-27,088
Other income	6.6	200	1,108
Other expenses	6.6	-607	-114
Profit-sharing plan and warrants	18.4	-643	-232
Operating profit (EBIT)		**31,712**	**37,096**
Operating margin (EBIT) %		**21.4%**	**27.0%**
Interest revenue on loans and deposits	6.5	106	51
Interest charges	6.5	-912	-893
Other net financial income / (expenses)	6.5	1,793	1,254
Share in the result of the enterprise accounted for using the equity method	5	67	193
Profit before taxes		**32,766**	**37,701**
Income taxes	7	-1,422	-2,797
Net profit		**31,344**	**34,904**
Attributable to:			
Non-controlling interest			
Share of the group		**31,344**	**34,904**
EARNINGS PER SHARE *(in number of shares and in EUR)*	8	**2022**	**2021**
Weighted average number of issued shares		13,411,972	13,400,624
Weighted average fully diluted number of shares		13,681,084	13,587,624
Basic earnings – share of the group		**2.34**	**2.60**
Fully diluted earnings – share of the group (1)		**2.29**	**2.57**

(1) The diluted earnings per share does include:

a. 187,000 warrants attributed in October 2020, of which 154,250 are outstanding (159,000 in December 2021) with an exercise price below the share price and with maturity in October 2026;
b. 158,600 warrants attributed in June 2021, of which 155,350 are outstanding (158,600 in December 2021) with an exercise price below the share price and with maturity in June 2027; and
c. 183,375 warrants attributed in September 2022, all outstanding and with a maturity in September 2028.

The diluted earnings per share did not include 138,832 warrants outstanding at the end of 2021 as these were not exercisable given the exercise prices were above the share price.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	Notes	2022	2021
Net profit		**31,344**	**34,904**
Other comprehensive income of the period			
Currency translation differences	18.7	324	475
Total of recyclable elements		**324**	**475**
Difference on opening [(1)]		460	-
Gains / (losses) on remeasurement of defined benefit obligations, net of tax	6.4	1,373	-412
Total of non-recyclable elements, net of tax		**1,833**	**-412**
Total other comprehensive income of the period, net of tax		**2,157**	**63**
Total comprehensive income for the period		**33,501**	**34,967**
Attributable to :			
Non-controlling interest		-	-
Share of the group		**33,501**	**34,967**

(1) Relates mainly to conclusion of prior years tax case in Hong Kong

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS (EUR thousands)	Notes	Dec 31, 2022	Dec 31, 2021
Non-current assets:			
Goodwill	10	2,832	2,832
Other intangible assets	11	13,215	6,113
Lands and buildings	12	50,543	52,673
Other tangible assets	12	4,691	4,307
Investment accounted for using equity method	5	1,922	1,920
Other amounts receivable	15	3,647	2,408
Deferred tax assets	7.3	4,622	5,933
Financial assets	13	512	404
Total non-current assets		**81,984**	**76,590**
Current assets:			
Inventories	14	28,786	25,951
Trade receivables	15	58,856	38,924
Other amounts receivable, deferred charges and accrued income	15	14,365	6,417
Financial assets	16	174	201
Cash and cash equivalents	17	49,051	72,144
Total current assets		**151,232**	**143,637**
Total assets		**233,216**	**220,227**

EQUITY AND LIABILITIES (EUR thousands)	Notes	Dec 31, 2022	Dec 31, 2021
Equity			
Capital	18	**8,772**	**8,772**
Reserves	18.6	183,390	170,570
Treasury shares	18.5	-17,447	-17,776
Total consolidated reserves		**165,943**	**152,794**
Translation differences	18.7	1,075	751
Equity, attributable to the owners of the parent		**175,790**	**162,317**
Non-controlling interest		-	-
Total equity		**175,790**	**162,317**
Provisions	21	1,637	1,502
Deferred taxes liabilities	7.3	10	11
Financial debts	19	11,528	13,554
Pension benefit obligations and other debts	6.4	120	1,825
Non-current liabilities		**13,295**	**16,892**
Financial debts	19	3,750	3,728
Trade payables	21	9,207	10,497
Amounts payable regarding remuneration and social security	22	11,219	10,658
Income tax payable		1,959	2,586
Other amounts payable, advances received, accrued charges and deferred income	21	17,996	13,549
Current liabilities		**44,131**	**41,018**
Total equity and liabilities		**233,216**	**220,227**

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2022	2021
Cash flows from operating activities			
Net profit, share of the group		**31,344**	**34,904**
Adjustment for:			
- Depreciation and write-offs on tangible and intangible assets	11, 12	6,738	7,015
- Profit-sharing plan and warrants	18.4	642	232
- Provisions	20, 6.4	212	417
- Income tax expense	7	1,422	2,797
- Net financial expense (+) / income (-)	6.5	-987	-412
- Share of the result of entities accounted for under the equity method	5	-67	-193
Adjustment for changes in working capital items:			
- Inventories	14	-2,834	-3,372
- Trade receivables	15	-23,970	-10,061
- Other amounts receivable, deferred charges and accrued income	15	-3,889	-430
- Trade payables	21	-1,290	4,722
- Amounts payable regarding remuneration and social security	22	541	3,653
- Other amounts payable, advances received, accrued charges and deferred income		4,776	-263
- Conversion differences(1)		803	813
Cash generated from operations		*13,441*	*39,822*
Income taxes received / (paid)	7	-2,469	-1,112
Net cash from operating activities		**10,972**	**38,710**
Cash flows from investing activities			
Purchase of intangible assets	11	-8,770	-234
Purchase of tangible assets (lands and building and other tangible assets)	12	-1,101	-1,357
Other financial assets	13	-102	3
Net cash used in investing activities		**-9,973**	**-1,588**
Cash flows from financing activities			
Repayment of borrowings	19	-1,095	-1,086
Payment of lease liabilities	19	-2,828	-3,417
Interests paid	6.5	-688	-566
Interests received	6.5	75	13
Dividend received from investee	5	64	-
Dividend paid	9	-20,112	-13,400
Net cash used in financing activities		**-24,584**	**-18,456**
Net increase in cash and cash equivalents		-23,585	18,666
Net foreign exchange difference		492	810
Cash and cash equivalents at beginning of period		**72,144**	**52,668**
Cash and cash equivalents at end of period		**49,051**	**72,144**

(1) mainly related to EUR/USD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousands)	Notes	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total Equity
Balance as at January 1, 2021		**8,772**	**149,309**	**-17,835**	**276**	**140,522**		**140,522**
Profit or loss			34,904			34,904		34,904
Other comprehensive income			-412		475	63		63
Total comprehensive income for the period			**34,492**		**475**	**34,967**		**34,967**
Increase in shareholders' equity								
Share-based payments			232			232		**232**
Operations with treasury shares	18.5			59		59		**59**
Final dividend	9		-6,699			-6,699		**-6,699**
Interim dividend	9		-6,701			-6,701		**-6,701**
Other allocation			-63			-63		**-63**
Balance as per December 31, 2021		**8,772**	**170,570**	**-17,776**	**751**	**162,317**		**162,317**

(EUR thousands)	Notes	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total Equity
Balance as at January 1, 2022		**8,772**	**170,570**	**-17,776**	**751**	**162,317**		**162,317**
Profit or loss			31,344			31,344		31,344
Other comprehensive income			1,833		324	2,157		2,157
Total comprehensive income for the period			**33,177**		**324**	**33,501**		**33,501**
Increase in shareholders' equity								
Share-based payments			581			581		**581**
Operations with treasury shares	18.5		-329	329		-		**-**
Final dividend	9		-13,402			-13,402		**-13,402**
Interim dividend	9		-6,710			-6,710		**-6,710**
Other allocation (1)			-497			-497		**-497**
Balance as per December 31, 2022		**8,772**	**183,390**	**-17,447**	**1,075**	**175,790**		**175,790**

(1) Relates mainly to conclusion of prior years tax case in Hong Kong

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

1.1. Identification

EVS Broadcast Equipment SA
Liege Science Park
Rue Bois Saint-Jean, 13
B-4102 Seraing
VAT: BE 0452.080.178
National Registered Number: BE0452.080.178
www.evs.com

EVS Broadcast Equipment SA was incorporated for an unlimited period on February 17, 1994 in the form of a public limited company governed by Belgian law. EVS Broadcast Equipment SA is a company whose shares are publicly traded. It has its head office in Belgium, Liège.

The consolidated financial statements of EVS Broadcast Equipment SA on December 31st, 2022 were established by the Board of Directors of March 31st, 2023. The Board of Directors is authorized to amend the consolidated financial statements up until the Annual General Meeting of Shareholders, scheduled to be held on May 16th, 2023.

The financial year starts on January 1 and ends on December 31 of each year. The consolidated financial statements are reported in euros (EUR).

1.2. Public information

The company's financial statements are filed with the "Banque Nationale de Belgique". Corporate by-laws and special reports required by the Belgian Company and Association Code can be obtained from the Commercial Court Registry in Liège and from the Belgian Official Bulletin "Moniteur Belge" and its related website ("http://www.ejustice.just.fgov.be/tsv/tsvf.htm"). These documents, as well as annual statements and any written information to shareholders, are also available at the company's registered office. Financial information is available on the Internet at www.evs.com.

1.3. Corporate purpose of the company

The corporate purpose of the company is the "development, marketing and exploitation of audiovisual equipment as well as, more generally, any operations of a general, commercial, industrial, financial, fixed or movable property nature, in Belgium or elsewhere, directly or indirectly relating to the processing of pictures and sound, in whatever possible form. The company may have interests in any manner in any kind of businesses, firms or companies with identical, analogous, similar or connected aims or which could further the development of its activities, supply it with raw materials or facilitate outlets for the company's services".

2. SUMMARY OF THE IFRS SIGNIFICANT ACCOUNTING PRINCIPLES

2.1. Statement of compliance and basis of presentation

The consolidated financial statements of EVS Broadcast Equipment SA and of its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2022 and adopted by the European Union are applied by the Company. The consolidated financial statements have been prepared on an historical cost basis, except for the share-based payments (at the grant date), derivative financial instruments and contingent considerations, which are measured at their fair value.
The consolidated financial statements are presented in thousands of euros. All values are rounded figures to the nearest thousand unless otherwise indicated.

The consolidated financial statements were authorized for issue by the Board of Directors on 31 March 2023.

2.2. Summary of changes in accounting policies

The Company consistently used the same accounting policies throughout all periods presented in its IFRS financial statements, except for the accounting policy on intangible assets which include the capitalization of development cost for the first time in 2022 (see accounting principle 2.9). The Company does not anticipate a change in the application of standards and interpretations. There is no other impeding change in accounting policy, at the exception of the first implementation of new or revised IFRS standards and interpretations as adopted by the European Union that became mandatory on 1 January 2022 and that are detailed as follows:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements, effective 1 January 2022
- Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021 (effective 01/04/2021, with early application permitted)

The adoption of these new and amended standards has no impact on the financial statements of the Group.

2.3. Alternative performance measures

The group uses so called “Alternative performance measures” (“APM”) in the financial statements and notes. An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined in the applicable financial reporting framework (IFRS). A glossary describing these alternative performance measures is included at the end of this annual report. These measures are consistently used over time and when a change is needed, comparable information is restated and reported.

2.4. Consolidation principles

The consolidated financial statements include the financial statements of EVS Broadcast Equipment SA and of its subsidiaries prepared on December 31 of each year. The financial statements of the subsidiaries are prepared on the same date and in accordance with identical accounting principles. All the intra-group balances, intra-group transactions as well as the income, the expenses and the latent results included in the carrying amount of assets, generated by internal transactions, are eliminated in full.

2.5. Subsidiaries

Subsidiaries are those entities controlled by EVS. Control exists when the following criteria are met:
a) EVS has the power (legally or de facto) over the investee.
b) EVS is exposed or entitled to variable returns from its involvement with the investee; and
c) EVS has ability to use its power over the investee to affect the amount of returns it gets.

When EVS has less than a majority of the voting or similar rights of an investee, EVS considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
a) The contractual arrangement(s) with the other vote holders of the investee,
b) Rights arising from other contractual arrangements,
c) EVS’s voting rights and potential voting right.

The subsidiaries are consolidated as from the acquisition date, which corresponds to the date on which the group took over control and up until such date as the exercise of this control ceases.

All companies over which control is exercised directly or indirectly are fully consolidated.

When a change occurs in the controlling power within a subsidiary, the consolidated accounts integrate the profit and loss up to the date which EVS Broadcast Equipment SA loses control.

2.6. Interests in joint ventures and in associates

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangements. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing the control.

Associated companies are companies in which the group has a significant influence, defined as an investee in which the group has the power to participate in its financial and operating policy decisions (but not to control the investee).

Joint ventures (in accordance with IFRS 11 provisions) as well as associates are recognized according to the equity accounting method.

These investments are carried in the balance sheet at the lowest value between that obtained by the equity method and the recoverable value. The group’s share in the profit and loss of the joint ventures and of the associates is entered into the profit and loss account, in a distinct line “Share in the result of the enterprise accounted for using the equity method”.

The financial statements of the joint ventures and of the associates are used by the group to apply the equity accounting method.

The financial statements of the joint ventures and of the associates are prepared on the same reporting date as the parent company, based on similar accounting principles.

2.7. Summary of significant judgements, assumptions, and estimates

In preparing the consolidated financial statements, management is required to make judgments and estimates that affect amounts included in the financial statements.

The estimates carried out on each reporting date reflect the conditions in force on these dates (for example: market price, interest rates and exchange rates).

Although these estimates are based on the best knowledge of management of the existing events and of the actions that the group could undertake, the real results may differ from these estimates.

The following are critical judgements and estimations that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

The use of estimates is particularly applicable when performing goodwill impairment tests and evaluating any additions to the purchase price of past business combinations, the determination of the contingent consideration, determining the fair value of share-based payments, the evaluation of the deferred tax position and the determination of the percentage of completion of construction works.

2.7.1. Revenue recognition

Under IFRS15, the transaction price is allocated to the identified performance obligations in the contract based on their relative standalone selling price. Judgement is required in determining the stand-alone price and the transaction price considering the contract duration.

- Determination of the contract duration

To define the duration of its contracts the group considers the contractual period in which the parties to the contract have present enforceable rights and obligations.

- Determination of stand-alone selling price

In situations where the stand-alone selling price is not directly observable, the group assess it using all information (including market conditions, EVS specific information or relevant customer information) that is reasonably available to the company.

Discounts granted because a customer entered a contract are allocated to all performance obligations triggering the granting of the discount.

- Identification of performance obligations

Identifying the performance obligation requires judgement and a thorough understanding of the contract promises and how they interact with each other.

2.7.2. Fair-value of share-based payments

The Group's employees and management may receive a remuneration in the form of a share-based payment, such as a stock option or warrants. The stock options are measured at grant date, based on the share price at grant date, exercise price, expected volatility, dividend estimates, and interest rates.

2.7.3. Deferred Tax position

Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. In making its judgment, management considers elements such as long-term business strategy, including tax planning opportunities and local tax laws enacted at the reporting date. Deferred tax details are presented in note 7.3.

2.7.4. Current expected credit loss

The Company assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortized cost. For trade receivables, EVS applies the simplified approach permitted by IFRS 9 Financial instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The ability of the Company to collect its accounts receivable balances is dependent on the viability and solvency of its customers, who may experience financial difficulties that could cause them to be unable to fulfil their payment obligations to the Company. The Company develops its estimate of credit losses by number of days overdue and historical loss rates which are then adjusted for specific receivables that are judged to have a higher than normal risk profile after taking into account management's internal credit assessment, as well as macro-economic and industry risk factors.

2.7.5. Lease term under IFRS 16

When the Company acts as lessee, the lease term consists of the non-cancellable period of a lease, together with periods covered by options to extend the lease if the Company is reasonably certain to exercise these options, and periods covered by options to terminate the lease if the Company is reasonably certain not to exercise these options.
Judgment is required in assessing whether these options will be exercised or not, considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

2.7.6. Valuation of inventory and associated write-offs
Inventories are stated at the lower of cost or net realizable value. The calculation of the allowance for slow-moving inventory is based on consistently applied write off rules, which depend on both historical and future demand, of which the latter is subject to uncertainty due to rapid technological changes. On top of the minimum rules, more severe rules are applied in case of for example the decision to stop a business unit or product line. The remaining inventory on hand is in that case analyzed and reserved as appropriate. Inventory allowances are only reversed in case the above rules no longer apply or the written off inventory is sold or scrapped (see note 14 inventory)

2.7.7. Functional currency of the group entities
The individual financial statements of each subsidiary are prepared in the currency of the primary economic environment in which the entity operates. When the factors set out by IAS 21 to determine the functional currency are mixed and the functional currency is not obvious, management judgment is used to determine which functional currency most faithfully represents the economic effects of its underlying transactions, events and conditions. The functional currency of the EVS Group entities is EUR except for the US entity EVS Inc. for which US Dollar is assessed by management to be the functional currency.

2.7.8. Claims and contingent liabilities
Related to claims and contingencies, judgement is necessary in assessing the existence of an obligation resulting from a past event, in assessing the probability of an economic outflow, and in quantifying the probable outcome of economic resources. This judgment is reviewed when new information becomes available and often with support of internal and external expert advice.

2.7.9. Recoverable amount of cash generating units including goodwill
The Company tests the goodwill for impairment annually or more frequently if there are indications that goodwill might be impaired. The outcome of the goodwill impairment test performed in the last quarter of 2022 did not result in an impairment loss. The key assumptions that are used for estimating the recoverable amounts of cash generating units to which goodwill is allocated are discussed in note 10 (goodwill).

2.7.10. Actuarial assumptions related to the measurement of employee benefit obligations and plan assets
The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation, and its long-term nature, a defined obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on reporting date and are discussed in note 6.4 (post-employment benefit).

2.7.11. Estimation of useful life
Property, Plant and Equipment are depreciated using a straight-line method to allocate their depreciable amount on a systematic basis over their useful life. For the headquarter building in Liège, the depreciable amount is the cost less its estimated residual value. Useful life of an asset is estimated on a realistic basis based on the experience of the group with similar assets and reviewed at least annually. The effect of changes in useful life are recognized progressively. The residual value exercise is reviewed at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate under IAS 8.

2.7.12. Impact of the war in Ukraine on our activities
Further to the long-lasting conflict in Ukraine, EVS continues to monitor and comply with the international sanctions on Russia and Belarus within the framework of its business in those regions. EVS does not anticipate that the compliance of those sanctions might impact its business results as the revenue for those regions is not material. EVS does not have local offices with the impacted region. The impact of the war, even if immaterial, is limited to signed orders, not being executed or delivered and potentially missed new opportunities that may arise in that area.

2.8. Foreign currency translation
The individual financial statements of each subsidiary are prepared in the currency of the primary economic environment in which the entity operates. The functional currency reflects the underlying transactions, events and conditions that are relevant to the entity, as assessed by Management. The functional currency of the EVS Group entities is EUR except for the US entity EVS Inc. for which US Dollar is assessed by management to be the functional currency. Entity Axon Digital Design LTD. in the UK changed functional currency from GBP to EUR starting as of July 1st 2022, following updated Management assessment driven by new implementation of EUR invoicing at the affiliate.
The presentation currency of the financial statements of EVS Broadcast Equipment SA is the euro.

2.8.1. Financial statements of foreign companies
For all the subsidiaries, transactions in foreign currencies are initially recorded in the functional currency at the exchange rate in force on the transaction date. On the reporting date, the monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate in force on the reporting date. The non-monetary items in foreign currency that are measured at the historical cost are converted at the exchange rates in force on the initial transaction dates. All exchange differences are recognized in the consolidated income statement.

For the EVS Inc. subsidiary that operates in USD, assets and liabilities are converted at the reporting date in euros (EUR) which is the functional currency of the parent company, at the exchange rate in force on the reporting date. Equity is converted at historical exchange rate and income statement is converted at the average exchange rate of the period. Any exchange differences resulting from this conversion are recognized in other comprehensive income and shown under a separate heading of the shareholders' equity.

2.8.2. Transactions in foreign currencies

Transactions in foreign currencies are recognized at the exchange rate in force on the transaction date. The monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in force on the reporting date. The exchange gains or losses resulting from monetary transactions and the conversion of monetary assets or liabilities are recognized in the income statement. Non-monetary assets and liabilities are converted at the exchange rate of the foreign currency in force on the transaction date.

2.8.3. Exchange rates used

USD / EUR exchange rate	Twelve months average	At December 31 (closing rate)
2022	1.0537	1.0666
2021	1.1830	1.1326
Variation	*-10.9%*	*-5.8%*

GBP / EUR exchange rate	Twelve months average	At December 31 (closing rate)
2022	0.8527	0.8869
2021	0.8599	0.8403
Variation	*-0.7%*	5.5%

2.9. Intangible Assets

2.9.1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2.9.2. Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where it is not possible to reliably distinguish between research or development costs, the costs are considered as being research and therefore, these costs do not qualify as an internally generated intangible asset.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.9.3. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets with a finite useful life are depreciated on a straight-line basis over the duration of their economic useful life (3 years for software acquired for internal use and between 3 and 7 years for the other intangible assets) and reviewed for impairment testing each time there is a sign of impairment in the intangible asset.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

2.10. Tangible assets

The buildings are recorded at cost. Their value is reduced with depreciation and is not subject to fair value revaluation. The cost includes fees and costs and capitalized borrowing. Subsidies that have been collected to finance the construction of the buildings are deducted from the cost of acquisition (see rules on capital subsidies).

Since the commissioning of the building in 2015, the cost of the building, less estimated residual value, is depreciated over the estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period of the financial information.

The other tangible assets are recognized in the balance sheet at cost, less accumulated depreciation, and impairment losses.

The useful life is examined on an annual basis.

The estimated useful lives of the tangible assets are as follows:

- Buildings: between 10 and 30 years
- Vehicles: between 3 and 5 years
- IT equipment: between 3 and 4 years
- Office furniture and equipment: between 3 and 10 years
- Plant and equipment: between 3 and 10 years
- Other tangible assets: between 3 and 4 years

The depreciation is calculated from such time as the asset is available for use.

A tangible asset is no longer recognized in the accounts from such time as it is sold, or no future economic benefit is expected from the asset. Any gain or loss generated at the time of the sale (calculated as the difference between the sale price and the net carrying amount of the element) is recognized in the course of the period during which it was sold.

2.11. Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. When appropriate, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12. Non-current assets held for sale

Non-current assets and groups supposed to be sold are classified as held for sale if their carrying amount will be recovered mainly through a sale transaction rather than through continued use. This condition is fulfilled only when the asset (or group held for sale) is available for immediate sale in its present condition, only subject to terms that are usual and customary for sales of such assets (or group held for sale) and that its sale is highly probable. Management must be committed to the sale and must expect that the sale qualifies for recognition as a completed sale within one year from the date of its classification.

Non-current assets (and groups held for sale) classified as held for sale are measured at the lower of their carrying amount and fair value less sale costs and are no longer depreciated.

2.13. Inventories

Inventories are valued at the lower of cost and net realizable value.

Costs incurred in bringing stocks to the right place in the appropriate conditions are recognized as follows for both the current and previous year:

- the cost of the raw materials is determined using the weighted average price method.
- the cost of the finished goods and work-in-progress is the full cost, which covers all the direct costs (materials and labor) and a portion of the indirect production costs necessary to take the stock to completion on the reporting date, excluding the borrowing costs.

The net realizable value is the estimated sale price at the normal rate of the activity, less the estimated costs for the completion of the goods and the estimated costs necessary to realize the sale.

Write offs on inventories are applied on slow-moving inventory. The calculation of the allowance is based on write-off rules that are applied consistently, which depend on both historical and future demand, of which the latter is subject to uncertainty due to rapid technological changes.

2.14. Trade and other receivables

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price less an allowance for doubtful debts and less an amount for expected credit losses. The allowance for doubtful debts is recorded in operating income when it is probable that the company will not be able to collect all amounts due. Allowances are calculated on an individual basis, based on an aging analysis of the trade debtors. For the determination of the expected credit loss, EVS has applied the simplified approach and records lifetime expected losses on all trade receivables. This amount is determined on a portfolio basis, based on a provision matrix that considers historical credit loss experience.

2.15. Other non-current assets

Other non-current assets include long-term interest-bearing receivables and cash guarantees. Such long-term receivables are accounted for as receivables originated by the Company and are carried at amortized cost. An impairment loss is recorded when the carrying amount exceeds the estimated recoverable amount.

2.16. Cash and cash equivalents

The cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity date or notice period of three months or less. All the investments are recognized at their nominal value in the financial statements.

2.17. Treasury shares

Sums paid or received during the acquisition or sale of the company's treasury shares are recognized directly in the equity. No profit or expense is included in the income statement during the purchase, sale, issuance, or cancellation of treasury shares. The treasury shares are classified under the "treasury shares" heading and are deducted from the total shareholders' equity.

2.18. Non-controlling interests

Non-controlling interests represent the share of the net profit and loss from the operations and the net assets of a subsidiary that are allocated to interests not held by the group, whether directly or indirectly via subsidiaries.

2.19. Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the amount received, less the transaction costs to be allocated directly if they are significant. After the initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method. The profits and losses are recognized in the results when the liabilities are derecognized and via the effective interest rate method.

2.20. Provisions

Provisions are recognized when the group has a present obligation (legal or implicit) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation value. When the group is expecting the reimbursement of the provision, the reimbursement is recognized as a different asset but only if this repayment is almost certain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.21. Pensions and other post-employment benefits

The post-employment benefits include pensions. The group operates defined contribution pension schemes. The minimum legal contribution is partially warranted by the insurance company.

However, according to IAS19, Belgian-defined contribution plans that guarantee a specified return on contributions are considered as defined benefit plans, as the employer is not responsible for the contribution payments but has to cover the investment risk until the legal minimum rates applicable.

IAS 19 requires an entity to recognize a liability when an employee has provided service in exchange for employee benefits to be paid in the future. Therefore, pension provisions are set up. The obligations are measured on a discounted basis since they are settled several years after the employees render the related service.

2.22. Share-based payment

The Group's employees and management may receive a remuneration in the form of a share-based payment, such as a non-transferable stock option plan (warrants), which allows them to acquire or receive group shares (equity-settled transactions), or such as payments determined on the value of the share (cash-settled transactions).

The cost of the stock option plans (warrants) is determined by reference to the fair value of the equity instruments granted, measured on the grant date. The fair value is determined using the Black & Scholes model, taking into account the characteristics and conditions governing the granting of the instruments.

The cost of equity-settled transactions is recognized as an expense and is offset by a corresponding increase in shareholder's equity over a period that ends on the date on which the beneficiary becomes creditor of the grant.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of "fully diluted" earnings per share but only when they have a dilutive effect when the exercise price is below the average share price of EVS ordinary shares during the fiscal year.

2.23. Revenue from contracts with customers

Revenue is recognized based on the identification of the performance obligations in a contract and when such obligations are satisfied.

As far as sale of equipment is concerned, this type of contract usually includes a single performance obligation for which the revenue recognition occurs at a point in time when the transfer of ownership happens, usually at the delivery of the equipment.

EVS provides also contracts including licenses, cloud services or rentals that are only activated during a certain period determined in the contract. According to paragraph 31-38 of IFRS 15, the Group determines that the performance obligation is satisfied over time and, therefore, recognizes the revenue from these contracts accordingly.

EVS also provides contracts that are considered as projects including both installation, implementation services coupled with the delivery of products or licenses. When these contracts have a value of more than EUR 500 K and are spread over a period of more than 3 months, these contracts are therefore booked as service obligation completed gradually. The contractual arrangements being linked to the creation of an asset for the customer, the revenue should be recognized over time. This revenue is determined based on a percentage of completion of the contract. The Group has established that the stage of completion, which is determined in proportion to the total time expected to complete this type of projects at the end of the reporting period, is an appropriate method to estimate the revenue to recognize according to IFRS 15

Other services, sold separately or in combination with other equipment sale, are considered as a distinct performance obligation and when the services are sold in combination with the sale of the equipment, the transaction price is allocated based on the relative stand-alone selling price which is in general the separate price determined in the contract. In most cases, the revenue recognition occurs over time as the customer simultaneously receives and consumes the benefits provided by the group.

As regards to warranties, those are mostly assurance-type warranties and will continue to be recognized in accordance with IAS 37.

Interest revenue is recognized as interest accrues.

The dividends that are received from subsidiaries are recognized when the Group has a right to receive that payment.

2.24. Government grants

2.24.1. European Union grants

Subsidies from the European Union are recognized at their fair value where there is reasonable assurance that they will be received and that all the conditions will be satisfied.

When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is deducted from the carrying value of the related assets.

2.24.2. Investment grants

Investment grants are recognized when there is reasonable assurance that they will be received and that all the conditions attached will be satisfied.

Investment grants are recognized after deduction from the assets concerned and they are automatically deducted in the income statement from the depreciations of these assets.

2.25. Leases (EVS as lessee)

A contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To determine whether a lease confers the right to control use of a determined asset for a determined period of time, the Group must evaluate whether, throughout the period of use, it has the right to:

- obtain substantially all of the economic benefits from the use of the asset; and

- direct the use of the asset.

To determine the duration of the lease, any options for renewal or termination are considered as required under IFRS 16, taking into account the probability of exercising the option as well as whether it is under the control of the lessee.

At the start of the lease, the Group recognizes a right-of-use asset and a lease liability.

Right-of-use assets (RoU assets)

The group recognizes right-of-use assets on the date of the start of the contract, i.e. the date on which the asset becomes available for use. These assets are valued at the initial cost of the lease liability minus amortization and any depreciation, adjusted to take into account any revaluations of the lease liability. The initial cost of the right-of-use assets includes the present value of the lease liability, the initial costs incurred by the lessee, rent payments made on the start date or before that date, minus any incentives obtained by the lessee. These assets are depreciated over the estimated lifetime of the underlying asset or over the duration of the contract if this period is shorter, unless the group is sufficiently certain of obtaining ownership of the asset at the end of the contract.

Lease Labilities

The lease liability is valued at the present value of the rent payments that have not yet been paid. The present value of the rent payments is calculated using the interest rate implicit in the lease if it is possible to determine that rate. If not, the incremental borrowing rate is used, which represents the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Over the duration of the contract, the Company values the lease liability as follows:

- by increasing the book value to reflect the interest on the lease liability;
- by reducing the book value to reflect the rent payments made;
- by revaluing the book value to reflect the new appreciation of the lease liability or amendments to the lease.

Short term leases (duration of 12 months or less) and low-value leases (leases of assets with a value below EUR 5,000) are expensed when incurred.

2.26. Leases (EVS as lessor)

The existence of a lease within an agreement is reported based on the substance of the agreement. Lease agreements are classified depending on which party carries the risks and rewards associated with owning the asset.

2.26.1. Finance leases
A lease agreement is classified as financial lease if it transfers substantially to the lessee the risks and rewards inherent to ownership of the asset. When assets are leased out under a finance lease, these assets are derecognized, and the present value of the future lease payments is recognized as an earned product. The difference between the gross total receivable (lease and financing) and the value of the receivable is recognized as unearned finance income.

2.26.2. Operating leases
A lease agreement is classified as operating lease if it doesn't transfer substantially to the lessee the risks and rewards inherent to ownership of the asset. When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognized over the term of the lease on a straight-line basis.

2.27. Research and development costs
Research and development costs are expensed when incurred except for the research and developments costs related to new products or new technologies which are capitalized if those assets are subject to generate future economic benefits and if the recognition criteria of IAS 38 are met.

The fact that EVS operates in a market that is characterized by a rapid evolution of technologies implies that most of the R&D costs are linked to the development of very specific features on existing solutions. This to ensure our solutions are consistently best in class and evolve with our customers' needs. In such a context, it is impossible to evaluate and predict the future economic benefit of a specific feature. In addition, for such granular developments, EVS cannot dissociate the research phase from the development phase. As such, most of the development costs incurred in 2022 are considered as operational costs and cannot be capitalized (criteria of IAS38 are not met).

In 2022, EVS has however identified 2 major developments that do meet the IAS38 criteria. These developments are very distinct and will allow EVS to broaden its addressable market. Based on the following criteria, IAS38 is applicable:
- Research and development phase can be distinguished,
- An intangible asset is created following the development,
- Future economic benefit is demonstrated (return on investment analysis is done),
- Reliable cost tracking is present.

As a consequence, the related costs have been recognized as intangible assets with future depreciation planned as of 2024.

2.28. Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualified assets are part of the cost of the asset. Other borrowing costs are recognized in the income statement for the year in which they occurred.

2.29. Income taxes
Income taxes for the period include both current and deferred taxes. They are recognized in the income statement except where they relate to items recognized directly in equity.

EVS benefits from the following tax incentives related to innovation and research & development:
- Innovation income deduction
- Deduction for investments in R&D
- Exemption from withholding tax for R&D employees

Regarding accounting treatment, innovation income deduction and deduction for investments in R&D are deducted from the taxable base of EVS in Belgium and consequently reduce the corporate tax paid by the Company. Exemption from withholding tax for R&D employees represents a payment exemption of part of the withholding tax paid on salaries, which results in a reduction of the R&D payroll costs incurred by the Company.

2.29.1. Current taxes
Taxes due for the period are calculated on the income statement of the group's companies and are calculated according to the rules laid down by the local tax authorities.

2.29.2. Deferred taxes
Deferred tax assets and liabilities are determined, using the liability method, for all temporary differences on the reporting date between the tax base of the assets and liabilities and their carrying amount on the balance sheet.

Deferred tax liabilities are recognized for all temporary differences:

- except when the deferred tax liability arises from the initial recognition of a goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and that, on the transaction date, does not affect either the accounting profit or the taxable profit or loss; and

- for the taxable temporary differences linked to interest in subsidiaries, in associates and in joint ventures, except if the date on which the temporary difference is inversed can be checked and it is probable that the temporary difference will not be inversed in the foreseeable future. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax assets and liabilities due and if these deferred taxes concern the same taxable entity and the same tax authority.

EVS also assesses how the taxation authorities could challenge some of the company's tax positions and the consequences that might arise from tax audits. Based on this assessment, a current or deferred tax liability is determined in accordance with the provisions of IFRIC 23.

2.30. Derivative financial instruments

EVS uses derivative financial instruments such as forward exchange rate contracts, options or interest rate swaps to hedge its risks of foreign currency fluctuations on its foreign currency transactions and its risks of interest rate fluctuations. Derivative financial instruments that are either hedging instruments that are not designated or do not qualify as hedges are carried at fair value with changes in value included in the income statement.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognized asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognized directly in 'other comprehensive income' with the ineffective part recognized directly in profit and loss.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of the interest rate swaps is subject to a valuation by the counterparty. The method of determining the fair value of these instruments is therefore of "level 2" type according to IFRS 13 "Evaluation of fair value".

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.31. Dividends

The dividends proposed by the Board of Directors are not recognized in the financial statements as long as they have not been approved by the shareholders during the Ordinary Annual General Meeting. In case of interim dividends, they are deducted from the reserves.

2.32. Commitments relating to technical guarantee in respect of sales or services already provided

EVS grants a 2-year technical guarantee on products sold subject to the general conditions of sale. The Company has recorded a provision on the balance sheet to cover the probable costs relating to these technical guarantees.

2.33. Earnings per share

The group calculates both the basic earnings per share and the diluted earnings per share in accordance with IAS 33. The basic earnings per share are calculated on the basis of the weighted average number of ordinary shares in circulation during the period. The diluted earnings per share are calculated based on the average number of ordinary shares in circulation during the period plus the potential dilutive effect of the warrants and stock options in circulation during the period.

3. SEGMENT INFORMATION

3.1. General information

From an operational point of view, the company is vertically integrated with the majority of its staff located in the headquarters in Belgium, including the R&D, production, marketing and administration departments. Therefore, the majority of investments and costs are located at the level of the Belgian parent company. Resources securing the customer facing interactions such as sales, operations and support profiles are primarily hired within the respective regions. The foreign subsidiaries are primarily sales and representative offices. The Chief Operating Decision Maker, being the Executive Committee, reviews the operating results, operating plans, and makes resource allocation decisions on a company-wide basis. Revenue related to products of the same nature (digital broadcast production equipment) are realized by commercial polyvalent teams. The company's internal reporting is the reflection of the above-mentioned operational organization and is characterized by the strong integration of the activities of the company.

By consequence, the company is composed of one segment according to the IFRS 8 definition, and the consolidated income statement of the Group reflects this unique segment. All long-term assets are in the parent company EVS Broadcast Equipment SA in Belgium.

The company provides one class of business defined as solutions based on tapeless workflows with a consistent modular architecture. There are no other significant classes of business, either singularly or in aggregate. Identical modules can meet the needs of different markets, and our customers themselves are often multi-markets. Providing information for each module is therefore not relevant for EVS.

At the geographical level, our activities are divided into the following regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and America ("NALA"). This division follows the organization of the commercial and support services within the Group, which operates worldwide. A fourth region is dedicated to the worldwide events ("big event rentals").

The company provides additional information with a presentation of the revenue by market pillar: "Live Service provider", "Live Audience Business" and "Big Event Rentals" for rental contracts relating to the big sporting events.

Finally, sales are presented by nature: sale of equipment and other services.

3.2. Additional information

3.2.1. Information on revenue by destination

Revenue can be presented by Market Pillar: "Live Service provider", "Live Audience Business" and "Big Event Rentals". Maintenance and after sale service are included in the complete solution proposed to the customers.

Revenue (EUR thousands)	**2022**	**2021**	**% 2022/2021**
Live Audience Business	71,439	72,259	-1.1%
Live Service Provider	66,869	51,785	+29.1%
Big Event Rentals	9,850	13,534	-27.2%
Total Revenue	**148,158**	**137,578**	**7.7%**

3.2.2. Information on revenue by geographical area

Activities are divided in three regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and "Americas". Aside of them, we make separate distinction for the category "Big Event Rentals" which is not attributed to specific region.

Revenue (EUR thousands)	**APAC excl. events**	**EMEA excl. events**	**Americas excl. events**	**Big event Rentals**	**TOTAL**
2022 revenue	**18,952**	**67,764**	**51,592**	**9,850**	**148,158**
Evolution versus 2021 (%)	-17.9%	6.8%	37.6%	-27.2%	7.7%
Variation versus 2021 (%) at constant currency	-17.9%	6.8%	22.2%	-27.2%	-3.5%
2021 revenue	**23,077**	**63,468**	**37,499**	**13,534**	**137,578**

Revenue realized in Belgium (the country of origin of the company) with external customers represents less than 5% of the total revenue for the period. In the last 12 months, the group realized significant revenue with external customers (according to the definition of IFRS 8) in the United States for an amount of EUR 38,1 million (EUR 32,8 million in 2021).

3.2.3. Information on revenue by nature

Revenue can be presented by nature: sale of equipment and other services.

Revenue (EUR thousands)	**2022**	**2021**	**% 2022/2021**
Sale of Equipment	118,015	106,416	+10.9%
Other services	30,143	31,162	-3,3%
Total Revenue	**148,158**	**137,578**	**+7.7%**

Other services include the advice, installations, project management, rentals, training, maintenance, and distant support. Work in progress ("WIP") contracts are included in both categories.

3.2.4. Information on important customers

Over the last 12 months, no external customer of the company represented more than 10% of the revenue (similar in 2021).

3.2.5. Maturity analysis of the order book

We start the year 2023 with the highest order book in the history of EVS at EUR 141,8 million (+122% YoY), of which:

- EUR 85,9 million to be recognized in revenue in 2023 (+105.5% YoY and excl Big Event Rentals)

- EUR 0,0 million to be recognized in revenue in 2023 for Big Events Rental (compared to EUR 9,2 million at the end of 2021)
- EUR 55,9 million to be recognized in revenue in 2024 and beyond (+332.6% YoY)

4. CONSOLIDATED COMPANIES, JOINT VENTURES, ASSOCIATES AND REPRESENTATIVE OFFICES

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.22	Incorporation method used [1]	Part of capital held as of 31.12.22 (in %) [2]	Part of capital held as of 31.12.21 (in %) [2]	Change in % of capital held
EVS Broadcast Equipment Inc. 700 US 46 East Fllor 3 NJ 07004 Fairfield, USA	1996	33	F	100.00	100.00	0.00
EVS Broadcast México, SA de CV World Trade Center, Cd. De México, Montecito N° 38, Piso 23, Oficina 38, Col. Nápoles, Delegación Benito Juárez, D.F. 03810 México, MEXIQUE RFC: EBM 1106152TA	2011	4	F	100.00	100.00	0.00
EVS France SARL Avenue André Morizet, 62bis F-92100 Boulogne-Billancourt, FRANCE TVA: FR-21419961503	1998	13	F	100.00	100.00	0.00
EVS France Développement SARL Avenue André Morizet, 62bis F-92100 Boulogne-Billancourt, FRANCE TVA: FR-53514021476	2009	5	F	100.00	100.00	0.00
EVS Toulouse SAS 6, rue Brindejonc des Moulinais, Bât. A, F-31500 Toulouse Cedex 5, FRANCE TVA: FR-83449601749	2010	18	F	100.00	100.00	0.00
EVS Italia S.R.L. Via Milano 2, IT-25126 Brescia, ITALIE TVA: IT-03482350174	1998	3	F	100.00	100.00	0.00
EVS Broadcast UK Ltd. Ashcombe House, The Crescent 5, Leatherhead, Surrey KT22 8DY, ROYAUME-UNI TVA: UK-853278896	1999	17	F	100.00	100.00	0.00
EVS Broadcast Equipment Iberica SL Avda de Europa 12-2C, Edificio Monaco, Parque Empresarial la Moraleja 28109 Alcobendas, Madrid, ESPAGNE CIF: B85200236	2007	4	F	100.00	100.00	0.00
EVS Nederland BV Parnassungsweg 819 1082 LZ Amsterdam PAYS-BAS	2008	1	F	100.00	100.00	0.00
EVS International (Swiss) SARL Rue des Arsenaux 9, 1700 Fribourg, SUISSE TVA: CH-21735425482	2009	0	F	100.00	100.00	0.00
EVS Broadcast Equipment Ltd. Room A, @Convoy, 35/F 169 Electric Road, North Point, HONG-KONG	2002	12	F	100.00	100.00	0.00
EVS Broadcast Equipment Singapore PTE. Ltd. Level 8-9, The Metropolis Tower 2 11 North Buona Vista Drive 138589 SINGAPORE	2015	3	F	100.00	100.00	0.00
EVS Australia Pty Ltd. Level 8, 261 George Street Sydney NSW 2000, AUSTRALIE	2007	3	F	100.00	100.00	0.00
EVS Deutschland GmbH Mina-Rees Stra. 8, 64295 Darmstadt, ALLEMAGNE VAT: DE-289 460 223	2013	19	F	100.00	100.00	0.00

EVS Pékin - Bureau de Représentation 2805 Building One, Wanda Plaza, N°93 Jianguo Road 100026 Beijing, CHINE	2005	10	F	N/A	N/A	N/A
EVS Broadcast Equipment Middle East Ltd – Representative office Shatha Tower, Office 09, 32nd Floor, Dubai Media City, Dubaï, EMIRATS ARABES UNIS	2006	5	F	N/A	N/A	N/A
EVS Americas Los Angeles – Representative office 101 South First Street, Suite #404 Burbank, CA 91504, USA	2006	6	F	N/A	N/A	N/A
Axon Investments BV Hercules 28, 5126RK Gilze, NETHERLANDS NL817704668B01	2007	0	F	100.00	100.00	0.00
Axon Digital Design LTD 1 Forest Court, RD41 2FD Wokingham, United Kingdom GB642547534	1998	11	F	100.00	100.00	0.00
Axon Digital Design BV Hercules 28, 5126RK Gilze, NETHERLANDS NL802646748B01	1994	59	F	100.00	100.00	0.00
Axon Digital Design BV Representative Office Beijing 2805 Building One, Wanda Plaza, N°93 Jianguo Road 100026 Beijing, CHINE	2002	0	F	N/A	N/A	N/A
MECALEC SMD SA Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIQUE N° d'entreprise: BE0467 121 712	1999	28	E	49.50	49.50	0.00

(1) F: Full Consolidation, E: Equity method.
(2) Proportion of capital of those companies held by the companies included in the consolidated accounts and persons acting in their own name on behalf of these companies.

5. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

(EUR thousands)	2022	2021
Investment in associates		
Opening balance as at January 1	**1,920**	**1,760**
- Disposals during the year	-	-
- Acquisitions during the year	-	-
- Results	313	193
- Others	-311	-33
Closing balance as at December 31	**1,922**	**1,920**

5.1. Investments in associates

5.1.1. MECALEC SMD SA

MECALEC SMD SA was founded on October 21, 1999 by SA MECALEC (50.5%, not directly or indirectly linked to EVS) and EVS (49.5%). Its subscribed capital is EUR 200,000 with EVS share amounting to EUR 99,000. MECALEC SMD's main activity is the manufacturing and assembly of electronic boards using SMD technology. The registered office is based in Boncelles, close to Liège (Belgium), 5 km from EVS headquarter. EVS acquired this interest to benefit from shorter delivery times on orders for the assembly of electronic boards, and for potential synergies in R&D and reworking of the production process. The net profit of MECALEC SMD in 2022 amounted to EUR 0.6 million. EVS represented 14,30% of MECALEC SMD's turnover in 2022.

The share of EVS in the 2022 results of MECALEC SMD amounts to EUR 313,000 and the share of EVS in MECALEC SMD equity amounts to EUR 1,922,000.

(EUR thousands)	Dec. 31, 2022	Dec. 31, 2021
Current assets	3,531	3,395
Non-current assets	892	978

Current liabilities	-540	-494
Non-current liabilities	-	-
Net assets	**3,883**	**3,879**
Share of associate's balance sheet (49.5%)	**1,922**	**1,920**
Turnover	3,765	2,788
Net result	633	389
Share of associate's net result (49.5%)	**313**	**193**
Dividends received	**-64**	**-33**
Other (1)	**-247**	**-**
Carrying amount of investment	**1,922**	**1,920**

(1) Adjustment for final MECALEC 2021 financial statements received after publication

6. INCOME AND EXPENSES

6.1. Gross margin

(EUR thousands)	2022	2021
Revenue	148,158	137,578
Cost of sales	-49,314	-41,764
Gross profit	**98,844**	**95,814**
Gross margin %	**66.7%**	**69.6%**

Consolidated gross margin was 66.7% for FY22, compared to 69.6% in FY21. The variance is explained by different drivers:

- Important investments in the operations & support department to ensure we continue to deliver quality support all over the world, in line with our growth patterns (representing -1.4 Pts)
- Impact of the change in solution mix representing the relative weight of Media Infrastructure in the overall portfolio (-1.1 Pts).
- Write-off worth EUR 0.7 million linked to bill of material costs, following more granular inventory reporting thanks to optimized processes in our new ERP (-0.4 Pts)

6.2. Research and development expenses

Research and development expenses amounted to EUR 26.3 million in 2022 versus EUR 27.1 million in 2021.

At the beginning of the period, the Group identified two internal development projects that, for the first time in EVS history, fulfilled all the conditions to be capitalized according to IAS 38 Intangible assets. This ability arises after the implementation of extensive business cases, where R&D together with the solutions and sales departments performed an end-to-end exercise whereby objectives, costs, market analysis and return were clearly identified.

These internal development projects consist of software that will be commercialized at the end of the development period (expected commercialization is 2024). These 2 projects complement the PLAYForward strategy of the Group. The progress of these internal developments is monitored frequently as to ensure the future economic benefit remains assured.

Other research and development costs remain in our operational spend, as IAS38 does not specifically apply for these developments.

The detail of the total R&D expense is as follows:

(EUR thousands)	2022	2021
Gross R&D expenses	35,854	29,599
R&D capitalized as intangible assets	-7,080	-
Benefits relating to R&D expenses	-2,507	-2,511
R&D expenses, net	**26,267**	**27,088**

Since the fourth quarter of 2010, EVS considers a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. In the presentation of the accounts, this amount comes as a deduction of R&D expenses.

Since 2015, EVS also benefits from tax credits relating to R&D in France. This amount also comes in deduction of the R&D expenses. In 2022, it amounted to EUR 0,4 million (EUR 0,4 million in 2021).

Starting from 2021, Axon NL benefits from tax credits relating to R&D in The Netherland. This amount also comes in deduction of the R&D expenses. In 2022, it amounted to EUR 0,4 million (EUR 0,4 million in 2021).

6.3. Complementary information about operating charges by nature

(EUR thousands)	2022	2021
Raw materials and consumables used	-25,461	-28,746
Increase (+) / decrease (-) in stocks of finished goods, work and contracts in progress	1,154	8,191
Personnel expenses	-53,457	-47,288
Depreciations	-6,686	-7,015
Increase (-) / decrease (+) in amounts written off on stocks	-2,867	-2,702
Increase (-) / decrease (+) in amounts written off on trade debtors	-224	712
Other Professional Fees	-7,371	-8,288
Marketing & Communication	-1,943	-802
Other (1)	-18,541	-15,306
Total cost of sales, selling, administrative and research and development expenses	**-115,396**	**-101,244**

(1) Includes various other operational expenses such as maintenance, utilities, small equipment, transportation costs and T&E

6.4. Post-employment benefit

Since April 1, 2002, EVS has implemented a defined contribution pension plan in accordance with the sectoral pension plan regulations for employees in the metallic manufacturing sector ("commission paritaire 209"). It foresees the payment of an annual premium equal to a percentage of the gross salary (submitted to national office of social security) for each employee. This premium is exclusively paid by the employer. The premium rate is set by the sector's collective agreements. Premiums have evolved as follows:

In %	Contribution rate
2008 to 2010	1.10%
2011	1.77%
2012	1.87%
2013 to 2019	1.97%
2020	2.29%
2021	2.29%
2022	2.29%

The plan is managed by "Monument" (previously "Integrale"). The financing policy is outlined in its annual report.

In addition, since, January 1, 2012, employees of EVS in Belgium are automatically affiliated to a second pension plan subscribed with AG Insurance. EVS contributes to this plan (including management fee, life insurance, disability, and risk waiver insurance premiums) at a rate of 3% of gross annual salary.

Until 2015 included, both pension plans were treated as defined contribution plans, and the contributions to these pension schemes were recognized as an expense in the income statement as incurred.

However, on December 18, 2015, the Belgian legislation has been updated and clarification was provided on the minimum guaranteed rate of return. Before December 31, 2015, the minimum guaranteed rate of return on employer and participant contributions were 3.25% and 3.75% respectively. From 2016 onwards, the rate decreased to 1.75% and is annually recalculated based on a risk-free rate of 10-year government bonds. According to IAS19, Belgian-defined contribution plans that guarantee a specified return on contributions should be assimilated to defined benefit plans, as the employer is not only responsible for the contribution payments but also has to cover the investment risk until the legal minimum rates applicable. The returns guaranteed by the insurance companies are in most cases lower than or equal to the minimum return guaranteed by law. As a result, the Group has not fully hedged its return risk through an insurance contract and a provision needs to be accounted for. The plans at EVS are financed through group insurance contracts. The contracts benefit from a contractual interest rate granted by the insurance company. When there is underfunding, it is covered by the financing fund and, in case insufficient, additional employer contributions is requested.

IAS 19 requires an entity to recognize a liability when an employee has provided service in exchange for employee benefits to be paid in the future. Therefore, pension provisions are set up. Obligations are measured on a discounted basis because they are settled several years after the employees render the related service. A qualified actuary has determined the present value of the defined benefit obligations and the fair value of the plan assets except for the multi-employer plan. These assets are held by an insurance company. The projected unit credit method was used to measure the obligations and costs.

Assumptions were included on demographic and financial variables. The result of this calculation has then been extrapolated to the multi-employer plan based on the contributions paid.

Changes booked in 2022 in the Belgian defined benefit obligation and fair value of plan assets were as follows:

	2022			2021		
In thousands of EUR	Defined benefit obligation	Fair value of plan assets	**Net defined benefit liability**	Defined benefit obligation	Fair value of plan assets	**Net defined benefit liability**
As of January 1	**10,587**	**-8,762**	**1,825**	**8,670**	**-7,686**	**984**
Service cost	1,156	-	1,156	1,398	-	1,398
Administrative costs		28	28		18	18
Net interest expenses	120	-106	14	41	-38	3
Sub-total included in profit or loss	**1,276**	**-78**	**1,198**	**1,439**	**-20**	**1,419**
Benefits paid	-179	179	-	-141	141	-
Actuarial changes (assumptions) of which:						
Arising from changes in demographic assumptions	235	-	235	-	-	-
Arising from changes in financial assumptions	-1,349	-	-1,349	-1,172	-	-1,172
Arising from experience adjustments	-367	-350	-717	1,791	-69	1,722
Sub-total included in OCI	**-1,481**	**-350**	**-1,831**	**619**	**-69**	**550**
Contributions by employer	-	-1,078	-1,078	-	-1,128	-1,128
As of December 31	**10,203**	**-10,089**	**114**	**10,587**	**-8,762**	**1,825**

The fair value of plan assets is allocated to following categories of assets: sovereign bonds & assimilated (64%), corporate bonds (24%), real estate (7%), shares (4%) and cash (1%).

The principal assumptions used in determining pension obligations for the Group's plans are shown below:

In %	**2022**	**2021**
Discount rate	3.80%	1.15%
Future salary increases (incl. consumer price increases)	2.40%	2.10%

The following overview summarizes the sensitivity analysis performed for significant assumptions at December 31st. The figures show the impact on the defined benefit obligation.

(EUR thousands)	**2022**	**2021**
Discount rate		
0.25% decrease	2,242	451
0.25% increase	-1,627	-408
Future salary evolution		
0.25% decrease	-616	-140
0.25% increase	650	147

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in one key assumption occurring at the end of the reporting period, keeping all other assumptions constant. These may not be representative for an actual change in the defined benefit obligation, as it is unlikely that changes in assumptions would occur in isolation of one another.

The expected contributions to the plan for the next annual reporting period amount to EUR 1,197 thousand (EUR 744 thousand in 2021). The average duration of the defined benefit plan obligation is 18 years (19 years in 2021).

The following payments are the expected benefit payments from the plan assets for the upcoming ten years:

(EUR thousand)	**2022**	**2021**
Within the next 12 months	94	57
Between 2 and 5 years	194	199
Between 5 and 10 years	2,148	1,808
Total expected payments	**2,436**	**2,064**

No other post-employment benefit is provided to the personnel.

6.5. Financial revenues/(costs)

(EUR thousand)	**2022**	**2021**
Interest income on deposit	106	51
Interest charges	-912	-893
Exchange result	1,393	1,117
Other financial results	400	137
Net Financial revenues / (costs)	**987**	**412**

To limit its exposure to the US dollar, EVS Group has an active policy to cover the foreign exchange risk, as explained in notes 26 and 27.

The functional currency of EVS Broadcast Equipment S.A. as well as all the subsidiaries is the euro, except for the American EVS Inc. subsidiary, whose functional currency is the US dollar. The presentation currency of the consolidated financial statements of EVS Group is the euro.

The net exchange result is mainly explained by the appreciation of the USD compared to EUR in the period (see also note 2.8.3 Exchange rates used)

Interest charges mainly relate to interest expense on building and vehicle leases as well as interest on the loan put in place in 2020 to partially finance the acquisition of Axon. Other financial results mainly represent gain on foreign exchange contracts in 2022.

6.6. Other income and expenses

Other expenses in the period mainly represent losses on trade debtors amounting to EUR 0.4 million (EUR 1.0 million income in 2021).

In 2021, since Axon did not realize the target gross margin defined in the acquisition contract of 2020, EVS reversed the contingent consideration initially recognized at acquisition date. An amount of EUR 1.0 million was recognized in other income in 2021.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2022 and 2021 is mainly made of:

(EUR thousands)	2022	2021
Current tax charge		
Effective tax charge	-1,525	-1,763
Adjustments of current tax related to prior years	956	518
Deferred taxes		
Tax effects of temporary differences	**-853**	**-1,552**
- Fixed assets depreciation	-253	-244
- Intangibles (R&D investment deductions) *	-185	32
- Other intangibles	217	218
- Adjustments for IFRS 16	52	20
- Adjustments for IAS 19	22	59
- Adjustments for the carry-over taxation for gains on building disposals	105	130
- Adjustments for IFRS 9	-28	-3
- Reported tax losses	-936	-1,750
- Provisions	-	-14
- Others	153	-
Income taxes included in the income statement	**-1,422**	**-2,797**

* see also note 6.2 for deductions relating to R&D investments.

Income tax expense amounts to EUR 1.4 million for the full year 2022, compared to EUR 2.8 million in 2021. The decrease is mainly explained by lower taxable profit, tax relief of EUR 0.6 million received in December 2022 and decrease of the deferred tax expenses due to lower consumption of recoverable tax latencies (EUR 1.2 million in 2022 compared to 8.6 million in 2021).

7.2. Reconciliation of the tax charge:

The effective tax charge of the Group obtained by applying the effective tax rate to the pre-tax profit of the Group, has been reconciled for 2021 and 2022 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2022	2021
Reconciliation between the effective tax rate and the theoretical tax rate		
Profit before taxes and share in the result of the enterprise accounted for using the equity method	32,701	37,508
Effective tax charge based on the effective tax rate	-1,422	-2,797
Effective tax rate	**4.35%**	**7.46%**
Reconciliation items for the theoretical tax charge		
Tax effect due to the carry-over taxation for gains on buildings disposals in the statutory accounts		
Tax effect on R&D investment deductions	-959	-1,399
Tax effect of non-deductible expenditures	170	468
Tax effect due to the usage of tax losses (incl. subsidiaries)	-914	-2,532
Tax effect on innovation deduction	-4,114	-3,964
Tax effect on innovation deduction (catch-up from previous years)		
Tax effect of previous years adjustments (incl. subsidiaries)	-956	-518
Others	160	963
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-8,035	-9,719
Theoretical tax rate	**24.6%**	**25.9%**

The tax charge for FY2022 includes an adjustment of the previous year tax provision that was booked worth EUR 0.6 million in the Belgian parent company. In 2021, the tax charge included an adjustment of a tax benefit that was booked worth EUR 0.5 million for restitutions in the Hong Kong office.

Theoretical tax charge computed on the basis of the respective local nominal rates decreased mainly due to the significant decrease of the profit before tax for most of the subsidiaries.

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Buildings depreciation		2,075		1,823
R&D Intangibles	4,301		4,486	
Other intangible assets		942		1,159
Leases (IFRS 16)	144	10	92	11
Defined benefit plan provision	6		442	
Accounts receivable impairment	78		100	
Carry-over taxation for gains		649		755
Recoverable tax loss	3,627		4,568	
Other tangible assets	132			18
Total	**8,288**	**3,676**	**9,688**	**3,766**
Net booked value	**4,622**	**10**	**5,933**	**11**

Deferred taxes are booked “net” in accordance with the valuation rules of the Group because they relate to income taxes levied by the same taxation authority and the authority allows the compensation. No valuation allowance is recorded in relation to tax losses carried forward since it is probable that taxable profit will be available in the near future against which the tax assets can be utilized.
The decrease in the recoverable tax loss is explained mainly by the consumption of recoverable tax latencies due to a taxable profit in 2022 for all Group entities.

8. EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the net profit and loss of the period attributable to the ordinary shares, less the treasury shares, by the weighted average number of ordinary shares in circulation during the year.

The diluted earnings per share are calculated by dividing the net result of the period attributable to the ordinary shareholders by the weighted average number of ordinary shares in circulation at the rate of the period, adjusted by the diluting effects of the share options (warrants).

(EUR thousands)	2022	2021
Net profit	31,344	34,904
- attributable to non-controlling interests	-	-
- attributable to equity holders of the parent company	**31,344**	**34,904**

	2022	2021
Weighted average number of issued shares, excluding treasury shares	13,411,972	13,400,624
Dilution effect of the weighted average number of the share options in circulation	269,112	187,000
Weighted average number of fully diluted number of shares	**13,681,084**	**13,587,624**
Basic earnings per share (EUR)	**2.34**	**2.60**
Diluted earnings per share (EUR)	**2.29**	**2.57**

The diluted earnings per share does include (a) 187.000 warrants attributed in October 2020, of which 154.250 are outstanding (159,000 in December 2021) with an exercise price below the share price and with maturity in October 2026, (b) 158.600 warrants attributed in June 2021, of which 155.350 are outstanding (158,600 in December 2021) with an exercise price below the share price and with maturity in June 2027 and (c) 183.375 warrants attributed in September 2022, all outstanding and with a maturity in September 2028.

The diluted earnings per share did not include 138,832 warrants outstanding at the end of 2021 as these were not exercisable given the exercise prices were above the share price.

9. DIVIDENDS PAID AND PROPOSED

Dividends are paid for issued shares less treasury shares at the payment date.

The Ordinary General Meeting of May 17, 2022, approved the payment of a total gross dividend of EUR 1.50 per share for the year 2021, which includes EUR 0.50 per share exceptional dividend to honor past commitments on dividend payout.

For the year 2022, an interim dividend of EUR 0.50 per share was paid in November 2022. Full year dividend of EUR 1,60 per share will be proposed to the Ordinary General Meeting of shareholders, which also includes EUR 0.50 per share exceptional dividend to honor past commitments on dividend payout.

(EUR thousands, gross amount)	Coupon #	Declaration date	2022	2021
Paid during the year:				
- Final dividend for 2020 (EUR 0.50 per share excl. treasury shares)	30	May 2021		6,699
- Interim dividend for 2021 (EUR 0.50 per share excl. treasury shares)	31	Nov. 2021		6,701
- Final dividend for 2021 (incl. exceptional dividend) (EUR 1.00 per share excl. treasury shares)	32	May 2022	13,402	
- Interim dividend for 2022 (EUR 0.50 per share excl. treasury shares)	33	Nov. 2022	6,710	
Total paid dividends			**20,112**	**13,400**

A new dividend guidance for upcoming years has been issued early 2022 and is as follows*:

In EUR per share per fiscal year	2022	2023	2024
Base dividend	1.10	1.10	1.10
Exceptional additional dividend	0.50	0.00	0.00
Total dividend	**1.60**	**1.10**	**1.10**

* subject to market conditions and to the approval of the Ordinary General Meeting of Shareholders.

10. GOODWILL

(EUR thousands)	CGUs			TOTAL
	OpenCube	SVS	Axon	
Acquisition cost				
As of December 31, 2021	**820**	**1,125**	**2,832**	**4,777**
- Acquisitions	-	-	-	-
- Sales and disposals	-	-	-	-
As of December 31, 2022	**820**	**1,125**	**2,832**	**4,777**
Accumulated impairment				
As of December 31, 2021	**820**	**1,125**	**-**	**1.945**
- Impairment	-	-	-	-
- Sales and disposals	-	-	-	-
As of December 31, 2022	**820**	**1,125**	**-**	**1,945**
Net carrying amount				
As of December 31, 2021	**-**	**-**	**2,832**	**2,832**
As of December 31, 2022	**-**	**-**	**2,832**	**2,832**

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. Goodwill is not amortized but is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The value in use of the Cash Generating Unit (CGU) is calculated from the present value of the cash flows included in the business plan of Axon, in accordance with IAS 36.

10.1. Axon Group

By the end of 2022, management conducted an impairment test exercise on Axon Group as a CGU. The recoverable amount (value in use) of Axon Group CGU was calculated by using following key assumptions:

- Cash flow projections (discounted cash flow method) based on financial budget approved by the directors covering a five-year period.
- 10% annual growth on revenue (only for the first five years period), reflecting expected continued integration of Axon product portfolio into EVS offerings in future years.
- Stable cost of goods sold (COGS) percentage, in line with historical data and kept conservatively flat over the projected period.
- Discount rate of 14.0% (Weighted Average Cost of Capital), corresponding to pre-tax discount rate of 16.6% derived from the post-tax weighted average cost of capital via an iterative method.
- Perpetual cash-flows for the period beyond the forecast period (five years).

- No growth for the terminal value.

The result of the calculations confirmed that no impairment needs to be booked at 2022 year-end. The amount by which the unit's recoverable amount exceeds the carrying amount is EUR 45 million.

The calculation of the value in use of Axon Group CGU is sensitive to (a) revenue and (b) discount rate. In this context, management conducted sensitivity test by increasing and decreasing the sensitive factors by +/-20%. The outcome of the sensitivity analysis does not influence the conclusion that no impairment needs to be booked at 2022 year-end.

11. OTHER INTANGIBLE ASSETS

(EUR thousands)	Technology (DWESAB, OpenCube and Axon)	Customer related	Software licenses	TOTAL
Acquisition cost				
As of December 31, 2020	**5,070**	**5,119**	**3,142**	**13,331**
- Acquisitions	-	-	110	110
- Intangible assets in progress	-	-	130	130
- Other	-	-	7	7
As of December 31, 2021	**5,070**	**5,119**	**3,389**	**13,578**
Accumulated amortization				
As of December 31, 2020	**-2,818**	**-488**	**-2,985**	**-6,290**
- Amortization	356	731	-80	1,167
- Other	-	-	-7	-7
As of December 31, 2021	**-3,174**	**-1,219**	**-3,072**	**-7,465**
Net carrying amount				
As of December 31, 2020	**2,252**	**4,631**	**157**	**7,041**
As of December 31, 2021	**1,896**	**3,900**	**317**	**6,113**

(EUR thousands)	Technology (DWESAB, OpenCube and Axon)	Customer related	Software licenses	TOTAL
Acquisition cost				
As of December 31, 2021	**5,070**	**5,119**	**3,389**	**13,578**
- Intangible assets in progress	-	7,824	448	8,272
As of December 31, 2022	**5,070**	**12,943**	**3,837**	**21,850**
Accumulated amortization				
As of December 31, 2021	**-3,174**	**-1,219**	**-3,072**	**-7,465**
- Amortization	-356	-731	-83	-1,170
As of December 31, 2022	**-3,530**	**-1,950**	**-3,155**	**-8,635**
Net carrying amount				
As of December 31, 2021	**1,896**	**3,900**	**317**	**6,113**
As of December 31, 2022	**1,540**	**10,993**	**682**	**13,215**

The intangible capitalized costs during 2022 include mainly the internal personnel costs and external consultants' costs. These costs are only related to the development phase of two important projects that should secure future growth for EVS.

At the beginning of the period, the Group identified internal development projects that, for the first time in EVS history, fulfilled all the conditions to be capitalized according to IAS 38 Intangible assets. This ability arises after the implementation of extensive business cases, where R&D together with the solutions and sales departments performed an end-to-end exercise whereby objectives, costs, market analysis and return are clearly identified.

These internal development projects consist of software that will be commercialized at the end of the development period (expected return on investment is scheduled for 2024). These 2 projects complement the PLAYForward strategy of the Group. The progress of these internal developments is monitored frequently as to ensure the future economic benefit remains assured.

12. TANGIBLE ASSETS (LANDS AND BUILDINGS, AND OTHER TANGIBLE ASSETS)

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2020	**58,981**	**6,961**	**17,606**	**371**	**83,919**
- Acquisition	3,872	589	741	659	5,861
- Sales and disposals	-	-21	-	-	-21
- Transfers	105	176	-	-281	-
- Other	425	273	-	-	698
As of December 31, 2021	**63,383**	**7,978**	**18,347**	**749**	**90,457**
Accumulated depreciation					
As of December 31, 2020	**-7,691**	**-4,727**	**-14,806**	**-**	**-27,223**
- Depreciations	-3,598	-1,022	-1,227	-	-5,847
- Sales and disposals	-	21	-	-	21
- Other	-170	-257	-	-	-427
As of December 31, 2021	**-11,459**	**-5,985**	**-16,033**	**-**	**-33,477**
Net carrying amount					
As of December 31, 2020	**51,290**	**2,234**	**2,800**	**371**	**56,696**
As of December 31, 2021	**(a) 51,924**	**(b) 1,993**	**(b) 2,314**	**(a) 749**	**56,980**
				(a) Sub-total Lands & Buildings	***52,673***
				(b) Sub-total Other Tangible Assets	***4,307***
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**41,184**	**-**	**-**	**749**	**41,933**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2021	**63,383**	**7,978**	**18,347**	**749**	**90,457**
- Acquisition	856	1,064	1,437	494	3,851
- Sales and disposals	-	-523	-22	-	-545
- Transfers	-79	-63	142	-	-
- Other	-137	211	-16	-	58
As of December 31, 2022	**64,023**	**8,667**	**19,888**	**1,243**	**93,821**
Accumulated depreciation					
As of December 31, 2021	**-11,459**	**-5,985**	**-16,033**	**-**	**-33,477**
- Depreciations	-3,409	-935	-1,227	-	-5,571
- Sales and disposals	-	523	-	-	523
- Other	145	-209	2	-	-62
As of December 31, 2022	**-14,723**	**-6,606**	**-17,258**	**-**	**-38,587**
Net carrying amount					
As of December 31, 2021	**51,924**	**1,993**	**2,314**	**749**	**56,980**
As of December 31, 2022	**(a) 49,300**	**(b) 2,061**	**(b) 2,630**	**(a) 1,243**	**55,234**
				(a) Sub-total Lands & Buildings	***50,543***
				(b) Sub-total Other Tangible Assets	***4,691***
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**39,955**	**-**	**-**	**-**	**39,955**

The acquisition value of the building was analyzed by component, with specific useful lives and residual values applied to each component. Depreciation by component is provided for lifetimes ranging between 3 and 30 years with a total residual value for the building of about 37% of the gross value excluding subsidies.

Production of the equipment manufactured and marketed by EVS does not require important tangible investment, considering the assembly is partially subcontracted, notably to MECALEC SMD SA. Whenever possible, specialized work is outsourced (i.e., sheet metalwork and manufacturing of integrated circuits).

The group policy is to finance its buildings through equity and through long term loans (see also note 19).

The decrease in tangible assets of EUR -1.7 million during 2022 is mainly explained by the depreciation of the period, partially offset by investments in office, infrastructure and IT equipment.

The carrying amounts of right-of-use assets, lease liabilities and the movements for the twelve months ended 31 December 2022 and 31 December 2021 is as follows:

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Total	Lease liabilities
As of December 31, 2020	**8,821**	**184**	**2,777**	**11,782**	**12,004**
Additions	3,977	-	759	**4,736**	4,736
Disposals	-219	-	-18	**-237**	-197
Depreciation expenses	-2,087	-184	-1,227	**-3,498**	-
Interest expenses	-	-	-	**-**	462
Conversion differences & Other	248	-	-	**248**	282
Payments	-	-	-	**-**	-3,879
As of December 31, 2021	**10,740**	**-**	**2,291**	**13,031**	**13,408**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Total	Lease liabilities
As of December 31, 2021	**10,740**	**-**	**2,291**	**13,031**	**13,408**
Additions	1,666	-	1,084	**2,750**	2,802
Disposals	-1,278	-	-22	**-1,300**	-1,300
Depreciation expenses	-1,667	-	-1,182	**-2,849**	-
Interest expenses	-	-	-	**-**	569
Conversion differences & Other	193	-	-	**193**	416
Payments	-	-	-	**-**	-3,397
As of December 31, 2022	**9,654**	**-**	**2,171**	**11,825**	**12,498**

13. LONG TERM FINANCIAL ASSETS

(EUR thousands)	Subordinated loans	Other financial assets	TOTAL
Net carrying amount as of Dec. 31, 2020	**-**	**395**	**395**
- Refunded/converted during the year	-	-3	-3
- Others	-	12	12
Net carrying amount on Dec. 31, 2021	**-**	**404**	**404**
Net carrying amount as of Dec. 31, 2021	**-**	**404**	**404**
- Refunded/converted during the year	-	-17	-17
- Acquired during the year	-	119	119
- Others	-	6	6
Net carrying amount on Dec. 31, 2022	**-**	**512**	**512**

The other financial assets mainly consist of cash guarantees and are accounted for at fair value through the profit and loss statement (FVPL).

14. INVENTORIES

(EUR thousands)	December 31, 2022	December 31, 2021
Raw materials	23,275	19,971
Finished goods	32,422	30,029
Goods purchased for resale	3,941	3,748
Total at cost	**59,638**	**53,748**
Cumulated amounts written off at the beginning of the period	**-27,797**	**-24,953**
Additions/Reversal/use of the amounts written off, net	-2,807	-2,529
Exchange rate difference	-248	-315
Cumulated amounts written off at the end of the period	**-30,852**	**-27,797**
Total net carrying amount	**28,786**	**25,951**

The increase of inventories during 2022 is mainly explained by the pro-active management of components in a very erratic market. The electronic components market suffers from long delivery terms and unstable prices. EVS invested in 2022 in additional inventory as to ensure customer delivery terms continue to be respected and to ensure best possible component prices.

Inventories recognized as an expense during the period amounted to EUR 24.1 million (EUR 20.3 million in 2021). These were included in cost of sales.

Write-off movements on inventories, which amount to EUR 2.8 million in 2022 (EUR 2.5 million in 2021), are accounted as charges in the costs of sales. These write-offs concern technologically obsolete stock items, a range of products classified as end of life at the end of 2022, and material rent to Big Events in 2022.

15. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2022	December 31, 2021
Trade receivables	61,920	39,170
Write offs on receivables	-3,064	-2,672
Net trade receivables	**58,856**	**36,498**
Finance lease receivables	2,799	4,834
Deferred charges and accrued income	6,371	2,584
Other amounts receivable	5,195	3,833
Total other receivable, deferred charges and accrued income	**14,365**	**11,251**
Total	**73,221**	**47,749**

Trade receivables are non-interest bearing and are generally on 30-day terms. According to the group terms and conditions, the unpaid invoices at their term could result in a 1.50% monthly interest rate.

Trade receivables evolve largely in line with our overall sales volumes. The majority of our trade receivables (i.e. 71%) is not due at year-end, with a large volume of invoices issued in the second half of the fourth quarter, given a temporary hold of invoicing operations after the Go-Live of our new ERP system. We expect these trade receivables to restore in 1Q23.

Allowances for doubtful accounts are calculated on an individual basis, based on an aging analysis of the trade debtors. For the determination of the expected credit loss, EVS has applied the simplified approach and records lifetime expected losses on all trade receivables. This amount is determined on a portfolio basis, based on a provision matrix that considers historical credit loss experience. These allowances are booked in the "Selling and Administrative expense" line.

As of December 31, 2022, an amount of EUR 10.4 million (EUR 8.5 million on December 31, 2021) within trade receivables was overdue with more than 90 days from which EUR 3.1 million are subject of write-downs following credit quality of trade receivables. Movements of write-offs in 2022 and 2021 are as follows:

(EUR thousands)	2022	2021
Write-offs on trade receivables		
Value as of January 1	**2,672**	**3,283**
- Write-offs during the year	1,881	623
- Releases of write-offs during the year	-1,563	-1,345
- Other	74	111
Value as of December 31	**3,064**	**2,672**

The provision matrix that considers historical credit loss experience for the calculation of the expected credit loss is as follows:

(EUR thousands)			Trade receivables			
Expected credit loss	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.13%**	**0.54%**	**1.21%**	**2.09%**	**3.58%**	
Total gross carrying amount	22,496	8,682	3,442	865	8,519	44,004
Expected credit loss as of Dec 31 2021	**29.5**	**46.6**	**41.6**	**18.1**	**313.7**	**450**

(EUR thousands)			Trade receivables			
Expected credit loss	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.45%**	**0.83%**	**1.41%**	**2.50%**	**3.64%**	
Total gross carrying amount	44,085	4,851	730	1,823	10,431	61,920
Expected credit loss as of Dec 31 2022	**198.4**	**40.3**	**10.3**	**45.6**	**379.7**	**674**

15.1. Finance lease receivables

(EUR thousands)	2022	2021
Finance lease receivables		
Within one year (current finance lease)	2,799	2,766
After one year but no longer than five years (non-current finance lease)	3,647	2,651
Total	**6,446**	**5,417**

(EUR thousands)	2023	2024	2025	2026	2027	After
Future undiscounted lease payments	3,041	2,287	831	644	0	0

The group enters into finance leasing arrangements for some of its equipment. The term of finance leases entered into is maximum four years. In order to cover risks related to ownership of the underlying asset, EVS requests customers to keep the equipment insured against all risks of loss or damage for the full replacement value, and to assume full responsibility for any loss or damage to the equipment during the lease period. EVS retains title to the equipment at all times during the lease period, unless and until acquired by the customer.

The carrying amount of the conditional purchase options of the assets leased under finance leases amounts to EUR 0.3 million (EUR 0.4 million in 2021).

The interest rate inherent in the finance leases is fixed at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at December 31, 2022 is 8.0% (6.5% in 2021).

The financial revenues generated by the finance leases amount to EUR 0.2 million in the period (EUR 0.3 million in 2021) and are booked in other financial income.

15.2. Contract balances

(EUR thousands)	December 31, 2022	December 31, 2021
Contract assets	6,371	2,513
Contract liabilities	7,731	2,424

Invoiced advances amounted to EUR 7.7 million at December 31, 2022, compared to EUR 2,4 million at the end of 2021. The increase is essentially driven by higher number of ongoing projects at the end of 2022 compared to the prior year. Liabilities related to advances received are recorded on the balance sheet under section other amounts payable, advances received, accrued charges and deferred income. The majority of the revenue included in the contract liability balance at the beginning of the period has been recognized in the current reporting period. Revenues relating to work in progress amounted to EUR 6.4 million at December 31, 2022 (EUR 2,5 million in 2021). Receivables related to work in progress are recorded on the balance sheet under other receivable, deferred charges and accrued income.

16. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets relate to options contracted to hedge commitments to staff under the Fund Option Plan proposed by ING. These options have an average maturity of one year and are valued at fair value (in the income statement).

17. CASH AND CASH EQUIVALENTS

(EUR thousands)	December 31, 2022	December 31, 2021
Cash at bank and in hand	31,510	19,855
Short-term deposits and remunerated cash accounts	17,541	52,289
Total	**49,051**	**72,144**

The decrease in cash and cash equivalents compared to end of 2021 is mainly driven by the dividends paid in May and November (including exceptional additional dividend), combined with the increase in working capital requirements at the end of 2022 driven by the large volume of invoices issued in the second half of the fourth quarter, given a temporary hold of invoicing operations after the Go-Live of our new ERP system.

Short-term deposits represent investments with an original maturity date or notice period of three months or less. At the end of 2022, short-term deposits are mainly composed of investments in bonds floating rate notes fund.

18. OWNER'S EQUITY

18.1. Movements in issued capital

The company was founded on February 17, 1994 with a capital of EUR 30,987 consisting of 1,000 shares and has developed as follows:

Date	Description	Number of shares	Capital (EUR)
17.02.1994	Constitution	1,000	30,987
25.04.1996	Incorporation of reserves	-	90,481
25.04.1996	Issuing of 100 shares at EUR 892 per share,	100	12,147
	including a share premium of EUR 771 included in capital		77,095
		1,100	**210,710**
06.06.1997	Incorporation of reserves	-	242,440
06.06.1997	Issuing of 172 shares, at EUR 4,338 per share,	172	70,855
	including a share premium of EUR 3,926		675,304
		1,272	**1,199,309**
25.09.1998	**Stock split by 2,000:1**	**2,544,000**	**1,199,309**
14.10.1998	Initial Public Offering	+ 200,000	94,284
	Incorporation of share premium		7,342,522
		2,744,000	**8,636,115**
07.09.1999	Issuance of 119,952 shares for exchange with NETIA shareholders	119,952	7,197,120
	Incorporation of reserves		166,765
		2,863,952	**16,000,000**
25.05.2003	Treasury shares cancellation	-63,952	-
		2,800,000	**16,000,000**
24.02.2004	Capital reimbursement	-	-8,137,521
15.03.2004	Issuance of 15,000 shares after the exercise of warrants	15,000	480,000
		2,815,000	**8,342,479**
09.05.2005	**Stock split by 5:1**	**14,075,000**	**8,342,479**
19.06.2006	Treasury shares cancellation	-200,000	-
12.06.2009	Treasury shares cancellation	-250,000	-
26.12.2018	Issuance of 702,024 shares	702,024	429,844
Capital on	**December 31, 2022**	**14,327,024**	**8,772,323**

18.2. Issued capital and treasury shares

As of December 31, 2022, the issued capital of EVS amounts to EUR 8,772,323 and is represented by 14,327,024 fully paid-up shares without designation of nominal value. EVS complies with the legal requirements relating to the capital (articles 7:177 to 7:229 of the Belgian Companies and Association Code).

As of December 31, 2022, 492,975 issued warrants with an average exercise price of EUR 16.95 per share are exercisable until September 2028. From time to time, the company uses a portion of the capital for staff retention and motivation through a plan of warrants.

The management estimates that the level of capital of EVS is sufficient, as shareholders' equity represents 75.4% of the total balance sheet at the end of 2022. Compared to 2021, shareholders' equity increased by EUR 13.5 million.

The EVS Group strives to maintain a strong liquidity position and not to rely excessively on external financing. In addition, the Group has a dividend distribution policy allowing its shareholders to be remunerated in a significant manner, without compromising the Group's cash position and its financial independence. In its decisions to finance or decide on the distribution of dividends, EVS considers the overall level of its shareholders' equity.

18.3. Authorized capital

In accordance with the resolution adopted by the Extraordinary General Meetings of December 4, 2017, the Board of Directors was authorized to increase the share capital in one or more installments up to a maximum of EUR 1,600,000, including share premium. This authorization was valid for a duration of 5 years as from the publication of the deliberation of the postponed Extraordinary General Meeting of December 4, 2017 and has expired on 15 January 2023. These increases in capital could be realized through cash subscriptions, contributions in kind or incorporation of reserves. Within the limits of this authorization, the Board of Directors was able to issue bonds convertible into shares or application rights, in observance of the provisions of articles 7:65 and 7:67 and in accordance with the Belgian Companies and Association Code and the Board could limit or withdraw the preferential application rights of shareholders, including those in favor of one or more given persons, according to the procedures to be specified by the Board and, if need be, subject to observance of the provisions of articles 7:190 and in accordance with the Belgian Companies and Association Code. The Board of Directors shall propose a new authorization at the 2023 extraordinary shareholders' meeting.

18.4. Staff incentive program

18.4.1. Warrants scheme

Since December 1999, the company has set up a stock options/warrants scheme for the group's employees and managers. In accordance with the fiscal legislation in force, the scheme has a minimum scope of 3 to 4 years between the granting and effective exercise of a warrant. This warrant distribution policy has been set up in order to gain the loyalty of the members of personnel and to allow them to participate in the results of the company. EVS hedges this program through the buy-back of its treasury shares on the stock market. The Board has the authorization from the Extraordinary General Meeting to proceed to these buy-backs. In view of the 492,975 warrants outstanding at the end of 2022 (456,432 at the end of 2021), the dilution effect represents 3.4% of the share capital, this being largely covered by the 908,014 treasury shares, which represent 6.3% of the number of diluted shares. The voting right and the right to the dividend are suspended during such time as the shares are held by the company. The warrants are granted at an underlying share value corresponding to the average share price of the last 30 days preceding the grant. When the warrants are exercised, the Board of Directors may choose to either issue new shares or to grant treasury shares previously acquired by the company (for this reason, warrants are qualified as "sui generis").

During 2022, 183,375 warrants were distributed (158,600 in 2021), no warrants were exercised (same in 2021), and 146,832 warrants were cancelled following the departure of personnel or expired (28,000 in 2021).

The following table illustrates the number and the weighted average price of the period (WAPP) of the warrants in the scheme:

	2022		2021	
	Number	WAPP (EUR)	Number	WAPP (EUR)
In circulation at the beginning of the period	**456,432**	**19.89**	**325,832**	**20.17**
Granted during the period	183,375	18.62	158,600	18.21
Exercised during the period				
Cancelled during the period	-146,832	28.17	-28,000	13,69
In circulation at the end of period	**492,975**	**16.95**	**456,432**	**19.89**

The warrants in circulation as of December 31, 2022 and exercisable over the next years are as follows:

Expiry date	First exercise date	Exercise prices (EUR)	Number on December 31, 2022	Number on December 31, 2021
2022	2020	28.90	-	138,832
2026	2023	13.69	154,250	159,000
2027	2025	18.21	155,350	158,600
2028	2026	18.62	183,375	-
Total		**Between 13.69 and 18.62**	**492,975**	**456,432**

In accordance with IFRS 2, the warrants are valued on the grant date and expensed through profit & loss over their useful life (vesting period of usually 3 years). The Black & Scholes model is used consistently for this valuation, based on the share price at grant date, exercise price, expected volatility, dividend estimates, and interest rates. The key parameters for the warrants in circulation as of December 31, 2022 and exercisable over the next years are as follows:

Black & Scholes key parameters	Plan 2022	Plan 2021	Plan 2020
Volatility	31.5%	33.1%	31.9%
Risk free interest rate	2.26%	-0.53%	-0.7%
Dividend return	5.3%	5.0%	5.0%
Economical value of the option vs. underlying share	20.5%	15.5%	14.5%

During 2022, the Group recognized EUR 0.3 million as expense in the income statement in relation with the warrant schemes (EUR 0.2 million in 2021). As of December 31, 2022, the total fair value of the warrants amounts to EUR 1.5 million (EUR 1.3 million as of December 31, 2021).

18.4.2. Profit-sharing plan

In order to recognize achievements, develop loyalty and encourage the teams, a profit-sharing scheme can be initiated from time to time by the Company. The Ordinary General Meeting of May 17, 2022 approved a profit-sharing scheme in the form of a grant of EVS Broadcast Equipment SA shares relating to the appropriation of the year 2021. Taking into account tax implications for the company, this grant consisted of 56 shares (net of taxes) for all employees hired by the group before January 1, 2022, proportionally to the effective time performance (or assimilated) in 2021. This represented around 19.600 shares in total.

During 2022, the expense recorded in the consolidated income statement in relation to the profit-sharing plan amounts to EUR 0.3 million (EUR 0.1 million in 2021). The cost relating to the profit-sharing plan is included in the “Profit-sharing plan and warrants” section in the consolidated income statement.

A proposal will be presented for approval to the Ordinary General Meeting of May 16, 2023 relating to the appropriation of the year 2022, representing approximately 2% of EBIT as in prior years. This proposal is subject to approval by the Board of Directors.

18.5. Treasury shares

During the Extraordinary General Meeting of June 7, 2022, the authorization to buy back own shares has been modified in Article 10, Paragraphs 2 to 4 of the statutes as follows: “
2. For a period of five (5) years from the publication in the Annexes to the Belgian Official Gazette of the decision of the extraordinary general meeting of shareholders of May 17, 2022 (or, if applicable, in case of postponement of June 7, 2022), the Board of Directors shall be authorized to acquire on the stock exchange or otherwise, shares in the Company up to a maximum of 20 % of the issued shares, fully paid up, at a unit price which may not be more than 20% lower than the lowest price during the last 12 months preceding the transaction and which may not be more than 20% higher than the highest closing price during the last 20 days of trading of the Company's shares on Euronext Brussels preceding the acquisition. This authorization shall be renewable.
3. Furthermore, in accordance with article 7:218, § 1, 4° of the Belgian Companies and Associations Code, the Board of Directors is explicitly authorized to dispose of the own shares acquired by the Company to one or more specific persons other than members of staff of the Company or its subsidiaries.
4. The powers and authorizations referred to in this Article shall be extended to the acquisition and disposal of shares of the Company by one or more subsidiaries directly controlled by the Company within the meaning of the Companies and Associations Code”

In 2022, the Group did not repurchase own shares on the stock market. No shares were used to satisfy the exercise of warrants by employees.

The Ordinary General Meeting of shareholders of May 17, 2022 approved the allocation of 17.126 shares to EVS employees (grant of 56 shares to each staff member in proportion to their effective or assimilated time of occupation in 2021) as a reward for their contribution to the Group successes.

At December 31, 2022, the total number of own shares amounts to 908,014 shares (at an average historical price of EUR 19.21) compared to 925,140 as of December 31, 2021 (at an average historical price of EUR 19.21).

The variance in number of treasury shares in the period is as follows :

	2022		2021	
	Number	WAP (EUR)	Number	WAP (EUR)
At the beginning of the period	**925,140**	**19.21**	**928,207**	**19.21**
Staff incentive program	-17,126	19.21	-3,067	19.21
At the end of the period	**908,014**	**19.21**	**925,140**	**19.21**

18.6. Reserves

(EUR thousands)	December 31, 2022	December 31, 2021
Legal reserves	999	999
Reserves available for distribution	182,391	169,571
Reserves for treasury shares	-17,447	-17,776
Reserves	**165,943**	**152,794**

18.6.1. Reserves for treasury shares

In accordance with the Group's accounting policy, the sums paid or obtained during the acquisition or sale of the Company's treasury shares are recognized directly in the shareholders' equity attributable to the company's shareholders. No profit or expense is included in the income statement for the purchase, sale, issue or cancellation of treasury shares.

18.7. Translation differences

For Group's entities whose functional currency is not EUR (i.e. US affiliate EVS Inc. which operates in USD), assets and liabilities are converted into the Group's reporting currency (EUR) at the exchange rate in force on the reporting date, capital and reserves are converted at historical exchange rate, and the income statement is converted at the average exchange rate of the period. The translation differences resulting from this conversion are directly recognized under a distinct heading of equity.

19. LOANS

(EUR thousands)	December 31, 2022	December 31, 2021
Long term financial debts		
Bank loans	1,675	2,779
Long term lease liabilities	9,853	10,775
Amount due within 12 months (shown under current liabilities)		
Bank loans	1,105	1,095
Short term lease liabilities	2,645	2,633
Other short term debts	-	-
Total financial debt (short and long-term)	**15,278**	**17,282**
The total financial debt is repayable as follows :		
- within one year	3,750	3,728
- after one year but no more than five	11,528	13,554
- more than five years	-	-

19.1. Credit lines

In June 2020, a loan of EUR 5.5 million and 0.84% interest rate was put in place with BNP Paribas Fortis to partially finance the acquisition of Axon. The repayment schedule foresees in a first repayment of EUR 0.6 million in 2020 and annual installments of EUR 1.1 million between 2021 and 2024, with final repayment of EUR 0.6 million in 2025 at loan maturity.

In June 2020, a roll over credit line of EUR 5.0 million was put in place with Belfius bank to partially finance the acquisition of Axon. This amortizing credit line will end at the latest on June 30, 2025. As of this date, EVS has not used this credit facility.

19.2. Lease liabilities

The decrease of the lease liabilities during 2022 is mainly explained by repayment of existing lease contracts, partially offset by new lease contracts or reassessment and extension of existing contracts.

Depending on the countries and the leased assets, the Group used incremental borrowing rates ranging from 2% to 8% for the lease liabilities (and right of use assets) calculation.

The table below shows the maturity analysis (undiscounted cash flows) for the lease liability:

December 31, 2021 (EUR thousands)	Within 1 year	Between 2 and 5 years	Over 5 years	**Total**
Lease liabilities	3,104	7,656	3,825	**14,585**

December 31, 2022 (EUR thousands)	Within 1 year	Between 2 and 5 years	Over 5 years	**Total**
Lease liabilities	3,112	8,082	3,047	**14,241**

19.3. Liabilities from financing activities

In thousands of Euro	1 January 2021	Cash flows	Non-cash changes Foreign exchange movements	Other	31 December 2021
Long-term borrowings	3,328	-	-	-549	2,779
Short-term borrowings	1,632	-1,086	-	549	1,095
Lease liabilities	12.004	-3,417	282	4,539	13,408
Total liabilities from financing activities	**16,964**	**-4,503**	**282**	**4,539**	**17,282**

In thousands of Euro	1 January 2022	Cash flows	Non-cash changes Foreign exchange movements	Other	31 December 2022
Long-term borrowings	2,779	-	-	-1,104	1,675
Short-term borrowings	1,095	-1,094	-	1,104	1,105
Lease liabilities	13,408	-2,828	418	1,500	12,498
Total liabilities from financing activities	**17,282**	**-3,922**	**418**	**1,500**	**15,278**

20. PROVISIONS

(EUR thousands)	Other provisions	Technical warranty	Total
Provisions			
As of January 1, 2022	9	1,493	1,502
Arising during the year	-	453	453
Utilized	-	-318	-318
Reversed	-	-	-
As of December 31, 2022	**9**	**1,628**	**1,637**
Current 2021	-	-	-
Non-current 2021	9	1,493	1,502
Current 2022	-	-	-
Non-current 2022	9	1,628	1,637

The litigation provisions are registered in the consolidated accounts and correspond to disputes mainly in relation with commercial or people related matters, whose outcome is still unknown. The amounts allocated to the provisions are measured according to the best knowledge of the management with regard to these disputes and their reasonability is discussed with the Group's lawyers.

A provision is booked since 2012 to cover two-year technical standard warranties on the equipment sold as from the delivery, as stated in our general terms and conditions. This provision, with an undefined term, is reevaluated quarterly, based on a historical analysis of the costs incurred over the years to cover two years of costs associated with these warranties. The estimate at December 31, 2022 represents an amount of EUR 1.6 million (EUR 1.5 at the end of 2021).

21. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2022	December 31, 2021
Trade payables	9,207	10,497
Other payables	7,719	2,532
Accrued charges	930	683
Deferred income	9,347	10,334
Total	**27,203**	**24,046**

Trade payables are non-interest bearing and are normally settled on 45-day terms. Other trade payables mainly consist of advances received from customers on work in progress. Additional details on advances received are provided in note 15.2.

22. AMOUNTS PAYABLE REGARDING REMUNERATION AND SOCIAL SECURITY

(EUR thousands)	December 31, 2022	December 31, 2021
Amounts payable regarding social security	881	724
Amounts payable regarding wages and bonuses	10,338	9,934
Total	**11,219**	**10,658**

The increase of amounts payable regarding wages and bonuses on December 31, 2022 is mainly linked to the increase in headcount compared to the same period in 2021.

23. COMMITMENTS AND CONTINGENCIES

23.1. Operating lease commitments

Except for leases already reported under IFRS 16 (see notes 12 and 19), the Group has no material lease commitments to disclose.

23.2. Commitments relating to technical guarantee in respect of sales

Generally, EVS Group grants a 2-year technical guarantee on products sold subject to the general conditions of sale. At the end of 2022, a provision of EUR 1.6 million (EUR 1.5 million in 2021) is booked in relation with this warranty, as explained in the note 20.

23.3. Bank guarantees

Bank guarantees amounted to EUR 0.8 million as of December 31, 2022 (EUR 0.8 million in 2021) mainly requested as part of international public tenders, or as security deposit. Bank guarantees are reported under cash.

23.4. Contractual guarantees

Contractual guarantees established for the benefit of contracting persons/partners for a maximum potential amount of EUR 1.0 million at December 31, 2021 have expired during the reporting period. There are no specific contractual guarantees in place at December 31, 2022.

23.5. Guarantees on asset

Mandates for mortgage with banks were granted for EUR 18 million (EUR 18 million in 2021) to guarantee our obligations with those banks.

23.6. Other guarantees and contingencies

Following application of the rule 403 in the Netherlands, EVS Broadcasting SA has provided a comfort letter to her dutch affiliates Axon DD BV and Axon Investments BV. This comfort letter exempts both companies of the issuance and filing of statutory financial statements in the Netherlands and carry indefinite financial liability of EVS Broadcasting SA on behalf of Axon DD BV and Axon Investments BS.

24. RELATED PARTY DISCLOSURES

24.1. Affiliates

The consolidated financial statements include the financial statement of EVS Broadcast Equipment SA and the subsidiaries consolidated according to the fully consolidation method listed in note 4. They are representation and distribution subsidiaries for the products developed by EVS.

The table hereunder provides the total amount of transactions which have been entered into with related parties that are not fully consolidated (for information regarding outstanding balances at year end, refer to notes 15 and 22).

Sales to and purchases from related parties are made at normal market prices and under usual commercial conditions. Outstanding balances at year end are unsecured and settlement occurs in cash.

(EUR thousands)		**Sales to related parties**	**Purchases from related parties**	**Amounts due by related parties**	**Amounts owed to related parties**
Related parties					
Associates :					
MECALEC SA	2022	-	-636	-	-
	2021	-	-362	-	-44
Total	**2022**		**-636**		**-**
	2021	**-**	**-362**	**-**	**-44**

24.2. Executives

The amounts disclosed in the table below are the amounts recognized as an expense during the reporting period related to key management personnel:

(EUR thousands)	2022	2021
Short-term employee benefits	2,489	2,126
Post-employment pension and medical benefits	-	-
Termination benefits	-	289
Share-based payment transactions	107	63
Total	**2,596**	**2,478**

The amounts disclosed in the table below are the amounts payable at the reporting period related to key management personnel:

(EUR thousands)	December 31, 2022	December 31, 2021
Short-term employee benefits	723	701
Post-employment pension and medical benefits	-	-
Termination benefits	-	289
Total	**723**	**990**

Share options held by key management personnel to purchase ordinary shares have the following expiry dates and exercise prices:

Expiry date	First exercise date	Exercise prices (EUR)	Number on December 31, 2022	Number on December 31, 2021
2022	2020	28.90	-	40,000
2026	2023	13.69	47,000	53,750
2027	2025	18.21	68,000	68,000
2028	2026	18.62	80,500	-
Total		**Between 13.69 and 18.62**	**195,500**	**161,750**

25. AUDITOR

Since the Ordinary General Meeting of May 17, 2016, the audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA to EY Reviseurs d'Entreprises SRL (B-00160), represented by Carlo-Sébastien D'Addario (A02506), Belgian Réviseur d'Entreprise. The mandate of the Auditor is for three years (ending in May 2022). The mandate has been renewed for a period of three years at the Ordinary General Meeting held on May 17, 2022.

In 2022, all fees related to the Auditor of the parent company, EY Reviseurs d'Entreprises SRL (B-00160), represented by Carlo-Sébastien D'Addario and its associates, amounted to EUR 186.950 in aggregate for their duties as Auditor. Other audit services amounted to EUR 8.150 and non-audit services were carried out by the Commissioner for a total of EUR 12.907. These missions are compatible with the statutory audit of the consolidated accounts and have been pre-approved by the audit committee.

26. FINANCIAL RISK MANAGEMENT POLICIES

The Group enters into derivative transactions, principally forward and option currency contracts, with the purpose to secure its sales and purchases in foreign currencies against negative variations of these currencies. The Group has transactional currency exposure arising from sales or purchases by operating entities in currencies other than the Group's functional currency. Foreign currency risk is described in note 27.2.

The Group's main financial instruments, other than derivatives, comprise bank loans, finance leases, cash, and short-term deposits. The purpose of these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The Group's policy is, and has always been, that no trading in financial instruments shall be undertaken. Credit risk is described in note 27.3.

27. FINANCIAL INSTRUMENTS

27.1. Fair values of the financial instruments

The fair value of the financial assets and liabilities is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents and short-term investments, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments;

- Long term fixed rate and variable rate other assets are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are made to account for the expected losses of these receivables. As at December 31, 2022, the carrying amounts of such receivables, net of allowances, are assumed not to be materially different from their calculated fair values;

- The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using the effective interest rates currently available for debt on similar terms, credit risk and remaining maturities. As of December 31, 2022, the effective interest rate is not materially different from the nominal interest rate of the financial obligation;

- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly foreign exchange forward and option contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

As at December 31, 2022, the Group held the following financial instruments measured at fair value:

(EUR thousands)	December 31, 2022	December 31, 2021
Assets measured at fair value		
Financial assets at fair value through profit or loss		
Foreign exchange contracts – no hedge accounting	324	-

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques that use inputs having a significant effect on the recorded fair value that are not based on observable market data

All fair values mentioned in the above table relate to Level 2. There were no transfers between Level 1, Level 2 and level 3 fair value measurements during the reporting period.

27.2. Foreign currency risk

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over six months to one year. In its current structure, the group's exposure is mainly linked to the EUR/USD risk. The group invoices all customers in Euro, except the United States (in USD), while a lot of operational and fiscal expenses are libeled in USD. As a result, the group is "long" in USD, i.e. all of the group's activities generate globally a positive net cash flow in USD.

Since 2022, EVS systematically measures the Group's anticipated exposure to transactional exchange risk, mainly relating to the EUR/USD risk. Given the Group has a long position in USD and based on revenue forecasts, EVS hedges future USD net inflows through forward or option foreign exchange contracts. The change in the fair value of the foreign exchange contracts is recorded directly to the income statement under "Other net financial income / (expenses)", since the Group does not apply hedge accounting on these transactions. The valuation techniques used are mainly based on spot rates, forward rates and interest rate curves.

On December 31, 2022, the Group holds EUR/USD FX forward and option contracts for a total notional amount of USD 34.0 million with monthly maturities between January 2023 and June 2024. The fair value of those financial instruments on December 31, 2022 amounts to EUR 0.3 million. On December 31, 2021, the Group had no hedging contract in place.

27.3. Credit risk

Credit exposure is controlled and reviewed regularly by the management.

Trade receivables consist of a large number of customers, spread across many geographical areas.

Significant new customers are screened through a credit analysis tool prior to initiating sales transactions. If the credit rating is low or if the customer is part of a risky area, we ask for prepayment before sending material.

Once the relationship has started, a follow-up of any late payments is carried out by the accounting team, which issues reminders if necessary. In certain specific cases, a payment schedule may be set up by mutual agreement with certain customers. For EVS, the credit risk is also limited by the fact that the license to use the equipment can be stopped at any time in the event of non-payment by the customer. To assess default, the Company compares the risk that a default occurs on the receivables at the closing date with the risk that a default occurs for these same receivables at the date of initial recognition, considering reasonable and justifiable information that would indicate significant increases in credit risk since recognition, such as amounts of receivables disputed by customers or declarations of bankruptcy.

As of December 31, 2022, it is assumed that the carrying amounts of trade receivables are the most appropriate estimate to the fair value of those assets.

The credit risk on financial instruments is contained as it is spread over a selection of different counterparties which are financial institutions with high credit ratings assigned by international credit rating agencies.

As of December 31, 2022, the maximum amount the Group could have to pay if guarantees are called on is EUR 0.8 million (similar to EUR 0.8 million in December 2021).

28. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

Within the context of our strategy to focus on sustainable and profitable growth, the group has decided, early March 2023, to call the end-of-life of certain activities linked to our operations in Darmstadt. After a long and careful evaluation, the activity was assessed as a loss-making activity, for which future developments could not trigger a turn-around. The group is carefully assessing potential commercial impacts directly with the clients involved, engaging in a pro-active discussion around transition and proposing potential alternatives. We expect the commercial impact to be limited and immaterial. There will be a limited financial impact linked to the termination of the contracts of a small number of team members. Finally, we will also re-assess the inventory needs to ensure support in future periods. Impacts on balance sheet and cash-flow are expected to be minimal.

There are no other subsequent events that may have a material impact on the financial statements of the Group.

AUDITOR’S REPORT

Independent auditor’s report to the general meeting of EVS Broadcast Equipment SA for the year ended 31 December 2022

In the context of the statutory audit of the Consolidated Financial Statements) of EVS Broadcast Equipment SA (the “Company”) and its subsidiaries (together the “Group”), we report to you as statutory auditor. This report includes our opinion on the consolidated statement of the financial position as at 31 December 2022, the consolidated statement of the realized and un-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2022 and the disclosures (all elements together the “Consolidated Financial Statements”) as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.

We have been appointed as statutory auditor by the shareholders’ meeting of 17 May 2022, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders’ meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2024. We performed the audit of the Consolidated Financial Statements of the Group during 7 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of EVS Broadcast Equipment SA, that comprise of the consolidated statement of the financial position on 31 December 2022, the consolidated statement of the realized and un-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 233.216 thousands and of which the consolidated income statement shows a profit for the year of € 31.344 thousands.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2022, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“IFRS”) and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (“ISA’s”) applicable in Belgium. In addition, we have applied the ISA's approved by the International Auditing and Assurance Standards Board (“IAASB”) that apply at the current year-end date and have not yet been approved at national level. Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the Consolidated Financial Statements” section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Revenue recognition – complex contracts

Description of the key audit matter

As of December 31, 2022, the Group’s turnover amounts to € 148.158 thousands, of which a portion relates to fix price contracts that are generally spread over several months. Because the revenue recognition process is manual , there is a risk that revenues are not be recognized according to the contract terms and that revenues are recognized in the wrong financial period.

This matter is considered as a key audit matter due to importance of amounts involved, the diversity of contracts as well as the level of judgment required for complex contracts.

Summary of the procedures performed

We performed the following procedures :

- We assessed the revenue recognition process as well as the operational effectiveness of internal controls;
- We performed analytical procedures comparing revenues, on a desagragated basis, with those of the previous year and with the budget. Variances were discussed with management;
- We used data analysis tools including all accounting entries to identify revenues that are not recognized through trade receivables as well as trade receivables that are cleared via an account other than cash. We also used this tool to test unusual or unexpected entries;
- Based on a statistical sample, we performed cutoff testing by analysing deliveries and receptions close to the closing date;
- We analyzed significant and complex contracts. We discussed and analyzed the revenue recognition principles adopted by the Group based on contractual terms;
- We have read the minutes of the Board of Directors where important contracts are discussed in order to ensure that there are no discrepancies with our procedures;
- We assessed the adequacy of notes 2.25 and 3.2 of the Consolidated Financial Statements.

Goodwill and intangible assets Axon

Description of the key audit matter

During the financial year ended 31 December 2020, the Group acquired 100% the shares of Axon and subsidiaries (“Axon”) for a total consideration transferred of € 12.211 thousands, fully paid in cash. The allocation of the purchase price to identifiable assets and liabilities acquired was performed by EVS Group and lead to the recognition of intangible assets amounting to € 10.741 thousands, of which € 2.832 thousands is goodwill.

As of December 31, 2022, the goodwill and intangible assets show a net nook value of € 2.832 thousands and € 4.710 thousands.

In accordance with IAS 36, an impairment test was documented by the Company, based on a five-year business plan taking into account expected sales and costs, with all future cash flows discounted.

Due to the inherent uncertainty related to the forecasts included in the 5-year plan and the assumptions used (discount rate and growth rate), the level of management judgment and the materiality of the amounts involved, this is considered to be a key point of our audit.

Summary of the procedures performed

We performed the following audit procedures :

- We discussed with the management about the performance of the Cash-Generating Unit (CGU) Axon and its future perspectives as set out in the five-year plan;
- We reviewed the minutes of the Board of Directors in order to confirm the information received from management;
- We have analyzed the forecasts of future cash flows in the five-year plan prepared by the management taking into account in particular the analysis of historical data;
- With the assistance of our internal business valuation specialists, we assessed the assumptions and methods used by management to determine the recoverable amount of goodwill and intangible assets;
- We compared the recoverable amount of goodwill and intangible assets with their respective net book value and concluded on the appropriateness of maintaining the net book value;
- In addition, we assessed the adequacy and completeness of the disclosures in note 10 to the consolidated financial statements based on IFRS requirements.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the

Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

In performing our audit, we comply with the legal, regulatory and normative framework that applies to the audit of the Consolidated Financial Statements in Belgium. However, a statutory audit does not provide assurance about the future viability of the Company and the Group, nor about the efficiency or effectiveness with which the board of directors has taken or will undertake the Company's and the Group's business operations. Our responsibilities with regards to the going concern assumption used by the board of directors are described below.

As part of an audit in accordance with ISA's, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;
- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, the non-financial information attached to the Board of Directors' report, as well as to report on these matters.

Aspects relating to Board of Directors' report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report contains any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported.

The non–financial information required by article 3:32, § 2, of the Code of companies and associations has been included in the Board of Directors' report on the Consolidated Financial Statements. The Company has prepared this non-financial information based on Global Reporting Initiative ("GRI"). However, we do not comment on whether this non-financial information has been prepared, in all material respects, in accordance with "GRI".

Independence matters

Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

European single electronic format ("ESEF")

In accordance with the standard on the audit of the conformity of the financial statements with the European single electronic format (hereinafter "ESEF"), we have carried out the audit of the compliance of the ESEF format with the regulatory technical standards set by the European Delegated Regulation No 2019/815 of 17 December 2018 (hereinafter: "Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format in the official French language as well as the free translation into English (hereinafter 'the digital consolidated financial statements') included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/stori) in the official French language as well as the free translation into English.

It is our responsibility to obtain sufficient and appropriate supporting evidence to conclude that the format and markup language of the digital consolidated financial statements comply in all material respects with the ESEF requirements under the Delegated Regulation.

Based on the work performed by us, we conclude that the format and tagging of information in the digital consolidated financial statements of EVS Broadcast Equipment SA per 31 December 2022 included in the annual financial report available on the portal of the FSMA (https://www.fsma.be/en/stori) in the official French language are, in all material respects, in accordance with the ESEF requirements under the Delegated Regulation, and we conclude that the format of the free translation of the digital consolidated financial statements included in annual report in English corresponds to the digital consolidated financial statements included in the annual financial report in the official French language.

Other communications.

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Liege, 14 April 2023

EY Bedrijfsrevisoren BV

Statutory auditor

Represented by

Carlo-Sébastien D'Addario *

Partner

*Acting on behalf of a BV/SRL

Unique sequential number of EY reports tracking database

BELGIAN GAAP PARENT COMPANY FINANCIAL STATEMENTS

These financial statements are related to the figures for the parent company, EVS Broadcast Equipment SA (Belgium). These statements are disclosed according to the short version allowed by Article 3:17 of the Belgian Company and Association Code. They are filed at the “Banque Nationale de Belgique” and are available on request at the company’s head office, but also on the company website (www.evs.com). They have been unconditionally attested by EY, Auditors, represented by Carlo-Sébastien D'Addario, Partner.

STATUTORY MANAGEMENT REPORT

As foreseen by the Law, the consolidated management report has been drawn up to also be used as the management report on the parent company’s financial statements. The management report on the parent company’s financial statements is therefore similar to the consolidated management report, except for the following notes:

- The parent company’s financial statements include the figures for the head office in Liege (Belgium): revenue of EUR 118.283 thousand, representing 79.8% of the consolidated amount.

- The profit of the year amounts to EUR 23,635 thousand, compared to EUR 34,770 thousand in 2021. The balance sheet total amounts to EUR 193,153 thousand.

- In accordance with the Article 3:6 of the Belgian Company Code, within the Audit Committee, Marco Miserez (graduating as a Commercial Engineer in "Finance and Cross Cultural Management" from the Ichec Brussels Management School and having 12 years of experience in the financial sector), Chantal De Vrieze (Certificate in law, and many years of experience in executive functions, incl. in the Altran and Econocom groups), Martin DePrycker (holding a Ph.D in Computer Sciences, as well as a MBA from the University of Antwerp) and the president of the board who is also a member of the audit committee, have the competencies in accounting and audit. Chantal De Vrieze left the Audit Committee in June 2022.

- Since 2016, research expenses can no longer be included in the balance sheet. Only the development costs can be capitalized in the balance sheet. Research expenses incurred in previous years remain subject to the previous regime.

  In 2022, EVS incurred an amount of EUR 16.6 million for R&D expenses, which were amortized immediately and fully in accordance with the new valuation rules in this area.

  Moreover, at the beginning of the period, the Group identified two internal development projects, that for the first time of EVS Broadcast Equipment’s history fulfilled all the conditions to be capitalized as Intangible assets. These internal development projects consist of software that will be commercialized at the end of the development period (expected commercialization is 2024). In 2022, the total amount of development costs activated as intangible asset under construction is EUR 7.8 million.

- No event other than those reported in the consolidated management report has affected the parent company’s financial statements.

BELGIAN GAAP STATUTORY INCOME STATEMENT

(EUR thousands)	2022	2021
Operating income	**142,658**	**139,322**
A. Turnover	118,283	113,218
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	1,001	5,793
C. Capitalized production	20,266	18,333
D. Other operating income	3,108	1,978
E. Non-recurring income	-	-
Operating charges	**-121,362**	**-108,393**
A. Raw materials, consumables and goods for resale	-26,602	-22,635
1. Purchases	*-30,256*	-21,702
2. Increase (+)/decrease (-) in stocks	*3,654*	-933
B. Services and other goods	-38,548	-31,680
C. Remuneration, social security costs and pensions	-31,398	-28,835
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	-20,068	-21,862
E. (+)/(-) in amounts written off on stock and trade debtors	-2,604	-1,919
F. (+)/(-) in provisions for liabilities and charges	-1,270	-1,197
G. Other operating charges	-872	-264
H. Non-recurring charges	-	-1
Operating profit	**21.296**	**30.929**
Financial income	**3,593**	**3,258**
A. Income from financial assets	400	1,226
B. Income from current assets	-	13
C. Other financial income	3,193	2,019
Financial charges	**-1,713**	**1,360**
A. Interest and other debt charges	-313	-347
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)	-	2,327
C. (+)/(-) in amounts written off on current assets	-1,400	-621
X. Charges financières non récurrentes	-	-
Profit on ordinary activities before taxes (+,-)	**23,176**	**35,548**
Transfer and withdrawal from deferred taxation	105	131
Income taxes	354	-909
Result for the period (+, -)	**23,635**	**34,770**
Transfers from not taxable reserves	314	1,136
Transfers to not taxable reserves	-	-421
Result for the period available for appropriation (+, -)	**23,949**	**35,485**
Appropriation account*		
A. Result to be appropriated	**59,858**	**57,148**
B. Transfers from reserves		
C. Transfers to reserves	-	-744
D. Profit / Loss to be carried forward	-53,148	-35,909
E. 1. Dividends	-6,710	-20,103
E. 2. Other equivalents		-392

*The 2021 figures have been updated with the results allocation approved by the Ordinary General Meeting of 17 May 2022

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	December 31, 2022	December 31, 2021
Fixed assets	**61,624**	**55,455**
Intangible assets	56	105
Tangible assets	45,694	39,651
A. Land and buildings	34,612	37,310
B. Plant, machinery and equipment	38	71
C. Furniture and vehicles	1,377	1,369
D. Leased assets	-	-
E. Other tangible assets	23	23
F. Assets under construction and advance payments	9,644	878
Financial assets	15,874	15,699
A. Affiliated companies	15,687	15,512
1. Participating interests	*5,454*	*5,454*
2. Amounts receivable	*10,233*	*10,058*
B. Other companies linked to participating interests	99	99
1. Participating interests	*99*	*99*
2. Amounts receivables	-	-
C. Other financial assets	88	88
1. Participating interests	-	-
2. Receivable and cash guarantee	*88*	*88*
Current assets	**131,529**	**134,592**
Amounts receivable after more than one year		
A. Trade debtors		
Stocks and contracts in progress	22,380	20,785
A. Stocks	22,380	20,785
1. Raw materials and consumables	*13,599*	*10,376*
2. Goods in process	*1,827*	*2,058*
3. Finished goods	*5,166*	*5,842*
4. Goods for resale	*1,788*	*2,509*
B. Goods in process	-	-
Amounts receivable within one year	54,889	34,531
A. Trade debtors	50,457	30,286
B. Other amounts receivable	4,432	4,245
Investments	35,132	24,276
A. Treasury shares	17,447	17,776
B. Other investments and deposits	17,685	6,500
Cash at bank and in hand	13,020	52,733
Deferred charges and accrued income	6,108	2,267
TOTAL ASSETS	**193,153**	**190,047**

LIABILITIES (EUR thousands)	December 31, 2022	December 31, 2021*
Capital and reserves	**157,997**	**141,320**
Capital	**8,772**	**8,772**
A. Issued capital	8,772	8,772
Share premium	**14,462**	**14,462**
Reserves	**78,246**	**78,559**
A. Legal reserve	877	877
B. Reserves not available for distribution	17,447	19,150
1. In respect of treasury shares	*17,447*	*19,150*
C. Not taxable reserves	2,372	2,686
D. Reserves available for distribution	57,550	55,846
Profit / Loss carried forward	**53,148**	**35,909**
Investment grants	**3,369**	**3,618**
Provisions and deferred taxation	**4,985**	**3,820**
A. Provision for liabilities and charges	4,329	3,059
B. Deferred taxation	656	761
Creditors	**30,171**	**44,907**
Amounts payable after one year	**1,684**	**2,789**
A. Financial debts	1,675	2,779
1. Debts from leasing agreements	-	-
2. Credit institutions	*1,675*	*2,779*
B. Other amounts payable	9	10
Amounts payable within one year	**25,424**	**35,889**
A. Current portion of amounts payable after one year	1,105	1,095
B. Financial debts	-	-
C. Trade debts	12,993	11,874
1. Suppliers	*12,993*	*11,874*
D. Advances received on orders	4,127	678
E. Taxes, remuneration and social security	7,211	8,341
1. Taxes	*955*	*1,499*
2. Remuneration and social security	*6,257*	*6,842*
F. Other amounts payable	-12	13,901
Accrued charges and deferred income	**3,063**	**6,229**
TOTAL LIABILITIES	**193,153**	**190,047**

*The 2021 figures have been updated with the profit allocation approved by the Ordinary General Meeting of 17 May 2022

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2022 (EUR thousands)	Amounts	Number of shares
A. Share capital		
1. Issued capital	8,772	14,327,024
2. Structure of capital		
2.1. Different categories of shares		
Shares without face value	8,772	14,327,024
2.2. Registered shares and bearer shares		
Registered shares – as of December 31, 2022		1,292,604
Dematerialized shares – as of December 31, 2022		13,034,420
B. Treasury shares held by the company itself	**17,447**	**908,014**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		492,975
- Amount of capital to be issued	8,355	
- Maximum number of shares to be issued		492,975
D. Amount of authorized capital, not issued	**1,170**	

GLOSSARY

This glossary contains a description of frequently used Financial Terms, Alternative Performance Measures (APM) and Non-financial KPIs in EVS reporting deliverables.

BER: Big Event Rental

BER market pillar: market pillar covering big event rentals to host broadcasters for major non-yearly events

CAPEX: capital expenditures, refers to acquisitions of intangible assets and property, plant and equipment, excluding the Right of Use assets (leasing).

Capital Employed: refers to the amount of capital investment used to operate and provides an indication of how the Company is investing its money. It is derived by subtracting current liabilities from total assets.

Cash flow from operating activities: amount of cash generated from ongoing, regular business activities.

CGU: Cash Generating Unit, is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

Cost of sales: cost of materials and charges directly related to revenues.

EBIT: Earnings Before Interest & Taxes, corresponds to Revenue minus Cost of Sales, minus operating expenses linked to renumeration of team members and operating expenses not directly linked to remuneration of team members minus Depreciation and Amortizations.

EBITDA: Earnings Before Interest & Taxes, corresponds to Revenue minus Cost of Sales, minus operating expenses linked to renumeration of Team Members and operating expenses not directly linked to remuneration of Team Members

ECL: Expected Credit Loss, is the probability-weighted estimate of credit losses (i.e., the present value of all cash shortfalls) over the expected life of a financial instrument.

EGM: Extraordinary General Meeting

Free cash flow: cash flow before financing activities.

Gross margin: result of revenue minus cost of sales, divided by the revenue.

LAB: Live Audience Business

LAB market pillar: revenue from customers leveraging EVS products and solutions to create content for their own purpose. This market pillar covers the following types of customers: Broadcasters, Stadium, House of Worship, Corporate Media Centers, Sports organizations, Government & institutions, University & Colleges

LSP: Live Service Providers

LSP market pillar: revenue from customers leveraging EVS products and solutions to serve “LAB customers”. This market pillar covers the following types of customers: Rental & facilities companies, Production companies, Freelance operators, Technology partners & system integrators buying for their own purpose

Net cash position: refers to the liquidity position of the company. Net cash is calculated by deducting interest-bearing debt from cash and cash equivalents.

Net profit: amount of money the company earns after deduction of all operating, interest and tax expenses of a given period in time.

Operating Expenses: also known as selling, general and administrative expenses (SG&A), represent the overhead costs incurred to engage in activities that are not directly related to production.

Operating margin: also known as return on sales, is an profitability ratio measuring the revenue after deduction of Cost of Sales and Operating Expenses. It is calculated by dividing the operating income by the revenue.

Other operating income: relates to income from, for example, reimbursements from damages, team members, insurances, gains on disposal, … This income is generated from activities that are not immediately linked to the principal activities of the company.

Order book <date>: revenues planned to be recognized after the <date> based on current orders.

ROCE: Return on Capital Employed, refers to a financial ratio that can be used to assess the Company's profitability and capital efficiency. This ratio helps to understand how well the Company is generating profits from its capital as it is put to use. The ratio is calculated by dividing the Earnings Before Interest & Tax by the Capital Employed.

ROE: Return on Equity, is a measure of financial performance calculated by dividing the net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets.

Secured revenue: revenue already recognized as well as open orders on hand that will be recognized as revenue in the fiscal year.

Working capital requirement: financial metric showing the amount of financial resources needed to cover operating costs. It represents the Company's short-term financing requirements. It is calculated by deducting current liabilities from current assets.

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The Annual Report (management report, accounts and notes) is available on the EVS website (www.evs.com).

A paper copy can be obtained on request.

Version française disponible sur demande.

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