

Publication on February 25, 2021, before market opening
Regulated information – Press release annual results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

EVS reports 2020 results

Delivering profitability despite the impact of the pandemic, prepared to grow revenues and emerge stronger in 2021 thanks to a strong order book

> FY20 performance

- Revenue of EUR 88.1 million (-14.8% YoY or -14.2% YoY at constant currency)
- Operating expense increasing only 1.9% YoY despite the Axon acquisition on May 1st 2020
- Net profit of EUR 7.2 million (-63.4% compared to FY19 mainly due to lower revenue levels)
- Order intake 2020: -3% YoY (excl Big Event Rentals and including Axon), supported by a strong order intake in 4Q 2020.
- Keeping strong Net cash position: EUR 35.7 million (vs EUR 46.2 million in 2019)

> H2 performance

- Continued pandemic impact in 2H20, with EUR 48.5 million revenue (-22.2% or -20.7% excluding currency impact vs. 2H19)
- Gross margin of 65% including the Axon products
- Increase of operating expenses following the integration of Axon team (+8.5% in 2H20 compared with 2H19)
- EBIT margin of 4.5%, net profit of EUR 3.8 million

> Outlook

- *Prepared to grow revenues and emerge stronger in 2021 thanks to a strong order book, strict cost management and realizing revenue synergies from the Axon acquisition*
- 2021 financial outlook
 - > Order book of EUR 54.2 million on December 31, 2020 (incl. Axon) (+43.3% YoY) out of which:
 - EUR 31.3 million to be recognized in revenue in 2021 (+48.2 % YoY and excl Big Event Rentals)
 - EUR 10.0 million (excl. big events rentals) to be recognized in revenue in 2022 and beyond (+128.2% YoY)
 - EUR 12.9 million for big events rentals related to events postponed into 2021
 - > Given the uncertainties linked to the COVID-19 situation and the resulting difficulties to make projections, no revenue guidance is provided
 - > Opex is expected to slightly increase compared to prior year following the full year integration of Axon costs while keeping costs under control

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Audited		
2H20	2H19	2H20/2H19		FY20	FY19	FY20/FY19
48.5	62.4	-22.2%	Revenue	88.1	103.4	-14.8%
31.5	45.5	-30.7%	Gross profit	58.6	74.1	-21.0%
65.0%	72.9%	-	Gross margin %	66.5%	71.6%	-
2.2	19.6	-88.0%	Operating profit – EBIT	5.7	23.0	-75.5%
4.5%	31.4%	-	Operating margin – EBIT %	6.4%	22.3%	-
3.8	15.9	-76.4%	Net profit (Group share)	7.2	19.6	-63.4%
0.28	1.14	-75.6%	Basic earnings per share (Group share)	0.53	1.40	-62.4%

COMMENTS

Serge Van Heck, CEO said: *“Even in a Pandemic year dramatically impacting event & media industry, EVS delivered profitability and prepared for the recovery.*

We supported our customers to adapt their live production workflows to the new reality. The acceleration towards remote production was clearly a main theme for the whole year. We decided to keep all our team members at work to continue delivering the qualitative service our customers and business partners are used to. Additionally, we sustained our R&D efforts with an objective to deliver on our product and solution roadmaps

We therefore continued executing our PLAYForward strategy, materialized by new solutions and the acquisition and integration of Axon, extending the scope of EVS solutions in the Media Infrastructure domain. I am very pleased with the current synergies already materialized at a higher level than initially planned and the dynamic of the integration with two teams fruitfully collaborating to win more business.

The launch of LSM-VIA – the new replay and highlight remote control device of EVS, particularly fitting the needs of remote production – is a success and we currently experience a strong appetite from our operators community to produce content leveraging the new flexibility offered by the device.”

Commenting on the results and prospects, Yvan Absil, CFO, said: *“Our second half reflects the continued impact of the sanitary crisis. The order intake in the last quarter was fairly strong giving us a solid order book as we enter 2021. The environment remained challenging in this second part of the year as we continued our actions to keep our costs under control. We are particularly pleased with the results of our cost control initiatives, which allowed us to keep our operating expenses increasing only 1.9% year over year following the integration of Axon. Given the uncertainties on the market, these cost management efforts will continue this year as part of our FOCUS21 plan, allowing us to forecast a slight growth of our operating expense following the integration of Axon in 2021 vs 2020. Our strong order book of EUR 44.1 million (including Big Event Rentals) does give us some positive but prudent outlook for 2021”.*

Revenue in 2H20 and FY20

2H20	2H19	%2H20 /2H19	Revenue – EUR millions	FY20	FY19	% FY20/ FY19
48.5	62.4	-22.2%	Total reported	88.1	103.4	-14.8%
49.5	62.4	-20.7%	Total at constant currency	88.7	103.4	-14.2%
49.4	61.6	-19.9%	Total at constant currency and excluding Big Event Rentals	87.4	102.1	-14.3%

EVS revenue amounted to EUR 48.5 million in 2H20, a 22.2% decrease compared to a 2H19 (-19.9% at constant currency and excluding Big Event Rentals). Revenue of solutions in LSP (Live Service Providers) represented 28.3% of the total group revenue. LAB (Live Audience Business) revenue represented 71.5% of total revenue in 2H20, and Big Event Rentals represented 0.3% of total revenue.

In FY20, EVS revenue reached EUR 88.1 million, a decrease by 14.8% (-14.3% at constant currency and excluding the Big Event Rentals) compared to FY19. Out of the 2020 revenue, Live Service Providers, the most impacted by the COVID crisis had their revenues decreasing by 39% YoY. It represented 34.2% of the total revenues (vs 48.1% in 2019). Live Audience Business saw their revenues increase by 8.3% YoY. It represented 64.3% of the total revenues (vs 50.6% in 2019). Big events rentals represented 1.4% of the total revenues.

Since May 1st, 2020 Axon (Media infrastructure), also impacted by the Covid Crisis contributed for EUR 7,9 million to 2020 revenues and EUR -1,6 million to net profit in the consolidated income statement for the 8 month-period ended 31 December 2020.

Geographically, revenues (excl. Big Event Rentals) are distributed in FY20 as follows:

- Europe, Middle-East and Africa (“EMEA”): EUR 41.0 million (-14.1% YoY)
- Americas: EUR 26.5 million (-25.1% YoY)
- Asia & Pacific (“APAC”): EUR 19.3 million (+2.3% YoY)

Second half 2020 results

In 2H20, consolidated gross margin was 65.0%, compared to 72.9% in 2H19. This lower gross margin was mainly due to product mix which now includes Media Infrastructure products (ex-Axon) which have a lower gross margin than other EVS products. Operating expenses increased by 8.5% vs 2H19, mainly due the integration of Axon. The 2H20 EBIT margin was 4.5%. Income taxes were EUR -2.5 million following the adjustment for uncertain tax provision. Group net profit amounted to EUR 3.8 million in 2H20, compared to EUR 15.9 million in 2H19. Basic net profit per share amounted to EUR 0.28 in 2H20 (compared to EUR 1.14 in 2H19).

2020 results

Consolidated gross margin was 66.5% for FY20, compared to 71.6% in FY19 due to the inclusion of Media Infrastructure (ex-Axon) into the product mix. Operating expenses increased by 1.9% YoY, thanks to strict cost management and careful headcount management despite inclusion of Axon costs for 8 months. The FY20 EBIT margin was 6.4% at EUR 5.6 million (or 7.7% at EUR 6.8 million excluding a one-time exceptional cost of EUR 1.1 million for the goodwill impairment from the SVS acquisition in 2014). Income taxes in FY20 amounts to EUR -2.8 million, mainly due to the effect of the innovation box regime in Belgium and other R&D tax incentives as well as the reversal of the uncertain tax provision.

Group net profit amounted to EUR 7.2 million in FY20, compared to EUR 19.6 million in FY19. Basic net profit per share amounted to EUR 0.53 in FY20, compared to EUR 1.40 in FY19.

Staff

At the end of 2020, EVS employed 550 people (FTE). This is an increase by 86 team members compared to the end of 2019, following the integration of 80 team members from Axon. Average FTE in 2020 was 514 vs 465 in 2019.

Balance sheet and cash flow statement

Total equity represents 74.0% of the total balance sheet as of the end of 2020. Inventories amount to EUR 22.6 million. This is an expected increase compared to the end of December 2019, reflecting the preparation of the big sporting events in 2021 and the Media infrastructure inventory. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

Lands and building mainly include the headquarters in Liège. Annual depreciation on this building is approximately EUR 2 million. Liabilities include EUR 17.0 million of financial debt (including long term and short-term portion of it), mainly relating to the Axon acquisition (EUR 5.0 million) and the lease liabilities (EUR 11.8 million). EVS repays EUR 1.1 million per year for the loan. Full details about IFRS 16 impact on the consolidated financial statements can be seen in note 5.2 and 5.12.

The net cash from operating activities amounts to EUR 17.0 million in FY20. On December 31, 2020, cash and cash equivalents total EUR 52.7 million. This is a decrease compared to the end of 2020, following negative cash flows from the share buyback program (EUR 7.9 million) and acquisition of Axon.

At the end of December 2020, there were 14,327,024 EVS shares outstanding, of which 928,207 were owned by the company. At the same date, 325,832 warrants were outstanding with an average exercise price of EUR 20.17 and an average maturity of March 2025.

2020 – different realities for the different market pillars

From a market pillar perspective, we observed different dynamics on the market during this first pandemic year.

Our LSP customers (Live Service Providers) did suffer a lot with a long list of cancelled events forcing them to let their OBVs on their parking. They focused on getting their business through this difficult period in Q2 and slowly started preparing for the events during the second half of the year. Organizing the production linked to the events was very challenging. They thus focused on short term operational issues more than planning the evolution of their infrastructure, strictly managing their cash. This explains the significant drop of revenue in 2020 compared to 2019 (-39%).

Our LAB customers (Live Audience Business) market offered a different perspective. With countries locked down at home, broadcasters experienced exceptional levels of audience, even if suffering from significant decrease of advertising revenues. Broadcasters continued their modernization projects. Some broadcasters even considered the need to accelerate the modernization to support remote production workflows. LAB revenues slightly increased in 2020 vs 2019 (+8%) and LAB customers represent the majority of the order book for 2021. As announced in 2019, LAB represents a growth potential for EVS, even materialized during the challenging year 2020.

BER (Big Events Rental) market stayed flat due to major summer sport events postponed to 2021. EVS managed to preserve the contracts and supported the customers in the adaptation of the production to the new realities.

From a regional perspective, it must be noticed that the rhythm of the pandemic has been different in APAC with a sooner recovery and a shorter lock down cumulated period. Revenues in APAC region have been higher in 2020 than in 2019 (+2.3% YoY). NALA was the most affected region with a major decrease (-25% YoY). EMEA region also experienced a significant decrease (-14% YoY), especially in the second part of the year.

For a similar perimeter as EVS on Jan 1st, OPEX have been significantly reduced due to strong bonus reduction, several layers of cost optimizations and the cancellation of marketing expenses linked to NAB2020 and IBC2020 shows.

2021 financial outlook and beyond

2021 remains a challenging year to predict, considering the timing of the vaccine, the presence of different virus variants forcing authorities to organize long lockdown periods and the consequences on events and media industry.

In BER market pillar, EVS 2021 revenues will be influenced by the occurrence of the major summer sport events, representing around EUR 12.9 million of revenues. At this time, the events are still planned, and all the teams are preparing the infrastructure accordingly.

We expect a recovery in the LSP market with an order book on Dec 31st, 2020 higher than the one of 2019 at the same date.

Considering the order book, LAB is expected to be the structural market pillar supporting the growth of revenues in 2021 with continued modernization projects.

We can also observe that we managed to increase our “long term order book” (beyond 2021), nearly doubling the ones of the 3 previous years. This result from the availability of OPEX offerings, SLA orders covering longer periods of time and multi-year revenue recognition linked to large modernization contracts.

2021 OPEX costs should slightly increase vs 2020 as it will include a full year of Axon costs.

Status of the control by the Statutory Auditors

The Statutory Auditor EY Réviseurs d'Entreprises SRL confirmed that their audit work on the annual consolidated financial statements, which is substantially complete, did not reveal significant matters requiring adjustments to be brought to the accounting information presented in the press release.

Conference call – Registration required

EVS will hold a conference call in English today at **3.30 pm CET** for financial analysts and institutional investors. Other interested parties may join the call in a listen-only mode. The presentation used during the conference call will be available shortly before the call on the EVS website.

Participants must register in advance of the conference using the link provided below. Upon registering, each participant will be provided with Participant Dial In Numbers, Direct Event Passcode and unique Registrant ID.

1. Online registration: <https://emea.directeventreg.com/registration/7199544>
2. Webcast Player URL: <https://edge.media-server.com/mmc/p/65bsvo7a>

Corporate Calendar:

May 18, 2021: Ordinary General Meeting
May 20, 2021: 1Q21 trading update
August 26, 2021: 1H21 results
November 18, 2021: 3Q21 trading update

For more information, please contact:

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Forward Looking Statements

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

About EVS

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

The company is headquartered in Belgium with offices in Europe, the Middle East, Asia and North America, and provides sales and technical support to more than 100 countries. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371.

For more information, please visit www.evs.com.

* representing a SRL

Condensed Interim Consolidated financial statements

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)		FY20	FY19	2H20	2H19
	Annex	Audited	Audited	Unaudited	Unaudited
Revenue	5.3	88,111	103,400	48,538	62,378
Cost of sales		-29,555	-29,316	-16,997	-16,879
Gross profit		58,557	74,085	31,541	45,499
Gross margin %		66.5%	71.6%	65.0%	72.9%
Selling and administrative expenses		-27,486	-27,926	-14,920	-13,935
Research and development expenses		-24,004	-22,603	-13,287	-11,926
Other income		152	93	87	1
Other expenses		-1,217	-89	-1,175	49
Stock based compensation and ESOP plan		-352	-530	-53	-74
Operating profit (EBIT)		5,650	23,030	2,193	19,614
Operating margin (EBIT) %		6.4%	22.3%	4.5%	31.4%
Interest revenue on loans and deposits		57	38	48	20
Interest charges		-833	-604	-450	-341
Other net financial income / (expenses)	5.6	-861	295	-868	268
Share in the result of the enterprise accounted for using the equity method		339	169	302	58
Profit before taxes (PBT)		4,353	22,928	1,225	19,620
Income taxes	5.7	2,833	-3,320	2,535	-3,691
Net profit		7,186	19,608	3,760	15,929
Attributable to :					
Non controlling interest					
Equity holders of the parent company		7,186	19,608	3,760	15,929
EARNINGS PER SHARE (in number of shares and in EUR)		FY20 Audited	FY19 Audited	2H20 Unaudited	2H19 Unaudited
Weighted average number of subscribed shares for the period less treasury shares		13,668,612	14,016,921	13,520,352	13,963,343
Weighted average fully diluted number of shares		13,674,232	14,016,921	13,531,531	13,963,343
Basic earnings – share of the group		0.53	1.40	0.28	1.14
Fully diluted earnings – share of the group ⁽¹⁾		0.53	1.40	0.28	1.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)		FY20	FY19	2H20	2H19
		Audited	Audited	Unaudited	Unaudited
Net profit		7,186	19,608	3,760	15,929
Other comprehensive income of the period					
Currency translation differences		-491	54	-498	38
Other increase/(decrease)		-78	-592	-75	-595
Total of recyclable elements		-569	-537	-573	-556
Total comprehensive income for the period		6,617	19,071	3,187	15,373
Attributable to :					
Non controlling interest		-	-	-	-
Group share		6,617	19,071	3,187	15,373

(1) The diluted earnings per share does include 187,000 warrants attributed in December 2020 and outstanding at the end of the year with an exercise price below the share price. These 187,000 warrants have maturity of October 2026. It does not include 138,832 warrants outstanding at the end of 2020 as these are not exercisable given the exercise prices were above the share price.

**ANNEX 2: CONDENSED STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET)**

ASSETS (EUR thousands)	Notes	Dec. 31, 2020 Audited	Dec. 31, 2019 Audited
Non-current assets :			
Goodwill		2,832	1,125
Other intangible assets		7,041	173
Lands and buildings	5.11	51,662	49,365
Other tangible assets		5,034	4,344
Investment accounted for using equity method		1,760	1,421
Other long term amounts receivables		543	959
Deferred tax assets		8,725	6,570
Other financial assets		395	353
Total non-current assets		77,992	64,309
Current assets :			
Inventories		22,579	16,823
Trade receivables		30,728	36,582
Other amounts receivable, deferred charges and accrued income		5,930	6,071
Other financial assets		120	238
Cash and cash equivalents		52,668	59,010
Total current assets		112,024	118,724
Total assets		190,016	183,033
EQUITY AND LIABILITIES (EUR thousands)			
	Notes	Dec. 31, 2020 Audited	Dec 31, 2019 Audited
Equity :			
Capital	5.4	8,772	8,772
Reserves		149,308	142,149
Treasury shares		-17,835	-9,927
Total consolidated reserves		131,473	132,221
Translation differences		267	767
Equity attributable to equity holders of the parent company		140,522	141,761
Non-controlling interest		-	-
Total equity	5.4	140,522	141,761
Long term provisions		1,299	1,636
Deferred taxes liabilities		1,389	19
Financial long term debts	5.11	12,251	6,070
Other long term debts		993	692
Non-current liabilities		15,932	8,418
Short term portion of financial debts	5.11	4,713	6,725
Trade payables		5,775	4,870
Amounts payable regarding remuneration and social security		7,005	8,302
Income tax payable		2,259	4,282
Other amounts payable, advances received, accrued charges and deferred income		13,811	8,675
Current liabilities		33,562	32,855
Total equity and liabilities		190,016	183,033

ANNEX 3: CONDENSED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	FY20 Audited	FY19 Audited
Cash flows from operating activities			
Net profit, group share		7,186	19,608
Adjustment for:			
- Other income		18	-592
- Depreciation and write-offs on fixed assets		6,658	5,483
- Stock based compensation and ESOP	5.4	352	530
- Provisions		-337	-469
- Income tax expense (+) / Gain (-)		-2,833	3,320
-Interests expense (+) / Income (-)		1,636	270
-Share of the result of entities accounted for under the equity method		-339	-169
Adjustment for changes in working capital items:			
-Inventories		-3,648	-1,709
-Trade receivables		8,204	-4,726
-Other amounts receivable, deferred charges and accrued income		-1,206	-1,122
-Trade payables		-1,446	-72
-Amounts payable regarding remuneration and social security		-1,671	903
-Other amounts payable, advances received, accrued charges and deferred income		4,184	1,244
-Conversion differences		-401	63
<i>Cash generated from operations</i>		<i>16,356</i>	<i>22,563</i>
Income taxes paid	5.7	686	-4,059
Net cash from operating activities		17,042	18,504
Cash flows from investing activities			
Purchase of intangible assets		-53	-25
W/O intangible assets		1,125	-
Purchase of tangible assets (lands and building and other tangible assets)		-6,867	-1,352
Disposal of tangible assets		207	1,020
Business acquisitions		-10,255	-
Other financial assets		-36	-17
Net cash used in investing activities		-15,878	-374
Cash flows from financing activities			
Reimbursement of borrowings	5.11	-4,590	-5,250
Proceeds from new borrowings		8,687	709
Payment of lease liabilities		-1,801	-3,600
Interests paid		-1,652	-609
Interests received		57	38
Dividend received from equity-accounted investee		-	32
Dividend paid - interim dividend		-	-6,914
Dividend paid - final dividend		-	-6,646
Other allocation		-300	-393
Acquisition / sale of treasury shares	4 & 5.4	-7,907	-5,177
Increase in shareholders' equity	5.4	-	-
Net cash used in financing activities		-7,506	-27,810
Net increase in cash and cash equivalents		-6,342	-9,679
Net foreign exchange difference (included in Net increase in cash in 2020)		-991	208
Cash and cash equivalents at beginning of period		59,010	68,482
Cash and cash equivalents at end of period		52,668	59,010

ANNEX 4: CONDENSED STATEMENT OF CHANGE IN EQUITY

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total Equity
Balance as at January 1, 2019 (reported)	8,772	136,601	-4,750	713	141,336	-	141,336
Change in accounting policies (IFRS 16)		-46			-46		-46
Balance as at January 1, 2019 (restated)	8,772	136,555	-4,750	713	141,290	-	141,290
Total comprehensive income for the period		19,017		54	19,071		19,071
Increase in shareholders' equity	-	-			-	-	-
Share-based payments		530			530		530
Operations with treasury shares			-5,177		-5,177		-5,177
Final dividend		-6,646			-6,646		-6,646
Interim dividend		-6,914			-6,914		-6,914
Other allocation		-393			-393		-393
Balance as per December 31, 2019	8,772	142,149	-9,927	767	141,760	-	141,760

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, group share	Non-controlling interest	Total equity
Balance as at January 1, 2020 (reported)	8,772	142,149	-9,927	767	141,760	-	141,760
Change in accounting policies							
Balance as at January 1, 2020 (restated)	8,772	142,149	-9,927	767	141,760	-	141,760
Total comprehensive income for the period		7,108		-491	6,617		6,617
Increase in shareholders' equity	-	-			-	-	-
Share-based payments		352			352		352
Operations with treasury shares			-7,907		-7,907		-7,907
Final dividend							-
Interim dividend							-
Other allocation		-300			-300		-300
Balance as per December 31, 2020	8,772	149,309	-17,835	276	140,522	-	140,522

ANNEX 5: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The full year 2020 and 2019 information in this condensed financial statement on pages 7 to 10 of this financial report is based on EVS Group's consolidated financial statements of EVS Group for the 12 month-period ended December 31, 2020, which have not yet been published. This condensed interim financial statements of the Group were authorized for issue by the Board of Directors on February 24, 2021.

This interim report only provides an explanation of events and transactions that are significant to an understanding of the changes in financial position and reporting since the last annual reporting period, and should therefore be read in conjunction with the full 2020 consolidated financial statements from which these condensed financial statements have been derived and which are planned to be published on EVS Group's website by April 17, 2021.

These condensed interim financial statements have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union. The accounting framework and standards adopted by the European Commission can be accessed through the following link on the website: http://ec.europa.eu/finance/company-reporting/index_en.htm.

NOTE 5.2: SIGNIFICANT ACCOUNTING POLICIES AND METHODS

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as issued by the IASB, and as adopted by the EU. The accounting policies and methods adopted for the preparation of the Company's IFRS consolidated financial statements are consistent with those applied in the 2019 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2019 annual report on www.evs.com, except for the new, amended or revised IFRS standards and IFRIC Interpretations that have been adopted as of January 1, 2020 which are listed hereunder:

- IBOR reform Phase 1 amendments – effective 1 January 2020
- IFRS 3 amendments – effective 1 January 2020
- IFRS 16 amendment – effective 1 June 2020
- New materiality definition – effective 1 January 2020
- Updated references to the Conceptual Framework – effective 1 January 2020

The adoption of these new, amended or revised pronouncements did not have significant impact on the consolidated financial statements of the Group.

NOTE 5.3: SEGMENT REPORTING

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. Following Axon acquisition, EVS now also has a portion of its staff located in Netherlands and UK, mainly R&D and production teams. The Axon products, forming the Media Infrastructure part of the solution blueprint are integrated into EVS solution portfolio. The majority of the investments and costs are still located at the level of the Belgian parent company. The other 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 located in the parent company EVS Broadcast Equipment SA in Belgium.

The company provides only one type of solution: live video technology for broadcast and new media productions with a consistent modular architecture. This is the product of EVS. There are no other significant classes of business, either singularly or in aggregate. Indeed, identical modules can meet the needs of different markets. 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 operate 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" (LSP), "Live Audience Business" (LAB) and "Big Event Rentals" (BER) for rental contracts relating to the big sporting events.

Finally, sales are presented by nature: systems and services.

5.3.1. 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 clients.

2H20	2H19	% 2H20/ 2H19	Revenue (EUR thousands)	FY20	FY19	% FY20/ FY19
34,689	32,679	+6.2%	Live Audience Business	56,685	52,328	+8.3%
13,722	28,941	-52.6%	Live Service Provider	30,158	49,726	-39.4%
127	758	-83.3%	Big Event Rentals	1,268	1,346	-5.8%
48,538	62,378	-22.2%	Total Revenue	88,111	103,400	-14.8%

The above presentation includes the latest and refined classification of our customers by market pillar for both 2019 and 2020.

5.3.2. Information on revenue by geographical information

Activities are divided by three regions: Asia-Pacific (“APAC”), Europe, Middle East and Africa (“EMEA”), and “Americas”. Aside of them, we also identify a fourth category “Big Event Rentals”.

Revenue for the second half-year (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
H20 revenue	11,991	22,824	13,597	127	48,538
Evolution versus 2H19 (%)	+18.2%	-22.4%	-38.3%	-83.3%	-22.2%
Variation versus 2H19 (%) at constant currency	+18.2%	-22.3%	-34.3%	-83.3%	-20.7%
2H19 revenue	10,147	29,425	22,048	758	62,378

Revenue for the YTD period (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
FY20 revenue	19,315	41,002	26,526	1,268	88,111
Evolution versus FY19 (%)	+2.3%	-14.1%	-25.1%	-5.8%	-14.8%
Variation versus FY19 (%) at constant currency	+2.3%	-14.0%	-23.6%	-5.8%	-14.2%
FY19 revenue	18,879	47,744	35,431	1,346	103,400

Revenue realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total revenue for the period. In the last 12 months, the group realized significant revenue with external clients (according to the definition of IFRS 8) in two countries: The United States & the United Kingdom (respectively, EUR 22.8 million & EUR 9.0 million in the last 12 months).

5.3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

2H20	2H19	% 2H20/ 2H19	Revenue (EUR thousands)	FY20	FY19	% FY20/ FY19
41,722	55,204	-24.4%	Systems	74,876	89,790	-16.6%
6,816	7,174	-5.0%	Services	13,236	13,610	-2.8%
48,538	62,378	-22.2%	Total Revenue	88,111	103,400	-14.8%

Services include advice, installations, project management, training, maintenance, and support.

5.3.4. Information on important clients

Over the last 12 months, no external client of the company represented more than 10% of the revenue.

NOTE 5.4: EQUITY SECURITIES

The number of treasury shares has changed as follows during the period, together with the outstanding warrants:

	2020	2019
Number of own shares at January 1	400,180	151,724
Acquisition of own shares on the market	544,307	262,952
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-16,280	-14,496
Sale related to Employee Stock Option Plan (ESOP) and other transactions	-	-
Number of own shares at December 31	928,207	400,180
Outstanding warrants at December 31	325,832	138,999

In 2020, the company repurchased 544,307 shares on the stock market (under a share buyback program started on October 25, 2018 and May 6, 2020). No shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 19, 2020 approved the allocation of 16,280 shares to EVS employees (grant of 54 shares to each staff member in proportion to their effective or assimilated time of occupation in 2019) as a reward for their contribution to the group successes. The expense related to this profit-sharing plan amounts to EUR 0.3 million and has been recorded under the caption "Stock based compensation and ESOP plan". As a consequence, at the end of 2020, the company owned 928,207 own shares at an average historical price of EUR 19.21. At the same date, 325,832 warrants were outstanding (no grant, no exercise and 167 cancellations in 2020) with an average strike price of EUR 20.17 and an average maturity of March 2025.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 19, 2020 approved the payment of a total gross dividend of EUR 0.50 per share, including the interim dividend of EUR 0.50 per share paid in November 2019, leading to no final gross dividend.

(EUR thousands)	# Coupon	2020	2019
- Final dividend for 2018 (EUR 0.50 per share less treasury shares)	28	-	6,646
- Interim dividend for 2019 (EUR 0.50 per share less treasury shares)	29	-	6,914
Total paid dividends		-	13,560

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	FY20	FY19
Exchange results from statutory accounts	364	-369
Exchange results relating to IFRS consolidation methodology	-1,321	549
Other financial results	96	115
Other net financial income / (expenses)	-861	295

The functional currency of EVS Broadcast Equipment S.A. as well as all of 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. For more information on exchange rates, see also the note 5.9.

NOTE 5.7: INCOME TAX EXPENSE

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 the two periods with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	FY20	FY19
Reconciliation between the effective tax rate and the theoretical tax rate		
Reported profit before taxes, share in the result of the enterp. accounted for using the equity method	4,014	22,759
Reported tax charge based on the effective tax rate	2,833	-3,320
Effective tax rate	-70.6%	14.6%

Reconciliation items for the theoretical tax charge		
Tax effect of non-deductible expenditures	311	408
Tax effect on R&D investment deductions	-1,029	-1,426
Tax effect on innovation deduction	-2,122	-5,932
Tax effect of overvaluations and undervaluations related to prior years	-1,492	3,034
Other increase / (decrease)	393	793
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-1,106	-6,443
Theoretical tax rate	27.6%	28.3%

The tax charge for FY2020 includes an adjustment of the tax costs related to prior years for a total amount of EUR +1,5 million including the reversal of accruals for uncertainties over income tax treatments according to the new interpretation IFRIC 23, effective 1 January 2019.

NOTE 5.8: HEADCOUNT

As of May 1st 2020, EVS has integrated about 80 team members following the Axon acquisition

(in full time equivalents)	At December 31	Twelve-months average
2020	550	514
2019	464	465
<i>Variation</i>	<i>+18.5%</i>	<i>+10.8%</i>

NOTE 5.9: EXCHANGE RATES

The main exchange rate that influences the consolidated financial accounts is USD/EUR which has been taken into account as follows:

Exchange rate USD / EUR	Average FY	Average 2H	At December 31
2020	1.1422	1.1808	1.2271
2019	1.1195	1.1096	1.1234
<i>Variation</i>	<i>+2.0%</i>	<i>+6.4%</i>	<i>+9.2%</i>

For FY20, the average US dollar exchange rate against the Euro increased by 2%. It had a negative impact on FY20 revenue of EUR 0.5 million, or -0.56%.

NOTE 5.10: FINANCIAL INSTRUMENTS

The estimated fair values of the financial assets and liabilities are equal to their fair book values in the balance sheet.

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over one year, 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 by forward foreign exchange contracts. The change in the fair value of the forward foreign exchange contracts goes directly through the income statement (other financial results) because 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, 2020, the group held USD 6.5 million in hedging contracts, with an average maturity date in June 2021, and an average exchange rate of EUR/USD of 1.1829.

NOTE 5.11: FINANCIAL DEBT

In order to partially finance its new HQ and operating facilities, EVS has drawn down a total of EUR 30 million loans. As of Dec 31st 2020, the final part of this loan has been reimbursed. This represented a total amount of EUR 5.2 million in 2020.

On June 16, 2020, a new loan of EUR 5.5 million has been negotiated with BNP Paribas Fortis in order to partially finance the acquisition of Axon. A first repayment of EUR 0.6 million has been done at the end of fiscal year 2020. The annual installments is EUR 1.1 million per year between 2021 and 2024 with a final repayment of EUR 0.6 million in 2025 when the loan will mature.

On June 29, 2020, a roll over credit line of EUR 5.0 million has been negotiated with Belfius bank in order to partially finance the acquisition of Axon. This amortizing credit line will end at the latest on 30/06/2024. As of this date, EVS has not used this credit facility.

NOTE 5.12: LEASES

The impact of IFRS 16 for Leases affected the statement of profit or loss for the twelve months ended 31 December 2020 as follows:

	FY20
Depreciation expense (in Cost of sales)	834
Depreciation expense (in Selling and administrative expenses)	1,046
Depreciation expense (in Research and Development expenses)	1,277
Rent expenses (in Cost of sales, sales and R&D expenses)	-2,958
Operating profit	199
Finance costs	-482
Income tax expenses	61
Profit for the period	-222

The carrying amounts of right-of-use assets, lease liabilities and the movements for the twelve months ended 31 December 2020:

(EUR thousands)	Land and buildings	Other tangible assets	Lease Assets
As at 1 January 2020	6,059	2,266	8,325
Additions	4,228	1,525	5,753
Lease modification	524	352	876
Depreciation expenses	-1,803	-1,354	-3,157
Other	-15	-11	-26
Conversion differences	-172	-1	-173
As at 31 December 2020	8,821	2,777	11,598

(EUR thousands)	Land and buildings	Other tangible assets	Lease Liabilities
As at 1 January 2020	5,982	2,388	8,370
Additions	4,228	1,525	5,753
Lease modification	524	352	876
Interest expenses	394	88	482
Conversion differences	-172	-1	-173
Other	40	-	40
Payments	-2,047	-1,421	-3,468
As at 31 December 2020	8,948	2,932	11,880

The statement of cash flows for the twelve months ended 31 December 2020 is affected as follows:

	FY20
Net cash flow from operating activities	3,436
Net cash flow from financing activities	-3,436
Net increase in cash and cash equivalents	-

NOTE 5.13: PENSION PLANS

The employees of EVS Broadcast Equipment SA benefit from a group insurance. In this context, EVS makes a contribution for each employee to the insurance companies. EVS benefits from a minimum return guaranteed by the insurance companies which set up the plans, and this until December 31, 2016 (minimum return requirement of the contributions, as required by law).

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 responsible for the contribution payments but 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 are benefiting from a contractual interest rate granted by the insurance company. When there is underfunding, this will be covered by the financing fund and in case this is insufficient, additional employer contributions will be requested.

This analysis is done annually and recognized in the profit and loss account, if necessary. More information can be found in the note 6.4 of the 2019 annual report.

NOTE 5.14: BUSINESS COMBINATION – ACQUISITION OF AXON

In a transaction closed on 30 April 2020, the Company acquired 100% of the shares of Axon Investments B.V. (“Axon”). With development centers in the Netherlands and the UK, and more than 80 team members, Axon has an international presence in the live broadcast infrastructure market, including mobile trucks and data centers, and a product portfolio that complements EVS’s existing live production offering.

This transaction qualifies as a business combination in accordance with IFRS 3 and is thus accounted for by applying the acquisition method.

The consideration transferred by the Company to acquire Axon includes:

- A cash amount of EUR 12.2 million of which EUR 11.6 million paid at closing date and EUR 0.6 million paid at the end of September for the final working capital adjustment.
- A contingent consideration ranging between EUR -0,5 million (reverse earn-out to be paid back by the sellers) and maximum EUR 2,5 million (earn-out to be paid by the Company) depending on the gross margin realized by Axon over the period 1 January 2020 to 31 January 2021. The fair value of the contingent consideration amounts to EUR 1,0 million at acquisition date and has not changed at the reporting date. The fair value categorized as level 3 has been estimated on the basis of a model in which the possible outcomes are probability weighted. The unobservable input to which this fair value measurement is most sensitive is the estimated amount of Axon’s gross margin over the reference period. Depending on the actual level of Axon’s gross margin, the Company is exposed to a future income statement impact ranging between a loss of EUR 1.5 million (in case the maximum earn-out is reached) and a gain of EUR 1.5 million (in case of reverse earn-out).

The amounts recognized with respect to identifiable assets acquired and liabilities assumed, as well as the consideration transferred and the resulting provisional amount of goodwill and net cash flow effect at acquisition date are as set in the table below:

(EUR thousands)	
Intangible asset – Technology	2,489
Intangible asset – Customer- related	5,120
Deferred tax assets	1,316
Other non-current assets	341
Accounts receivable	2,133
Inventories	2,302
Cash and cash equivalents	1,956
Other current assets	46
Total assets	15,703
Deferred tax liabilities	-1,585
Accounts payable	-3,478
Other liabilities	-242
Total liabilities	-5,305
Net assets acquired	10,398
Consideration paid in cash	12,211
Final working capital adjustment	-
Fair value of contingent consideration (earn-out)	1,019
Total consideration	13,230

Goodwill	2,832
Cash outflow net of cash and cash equivalents	10,255

The goodwill amounting to EUR 2,8 million consists of expected market synergies from the combination of Axon and EVS as well as the skilled workforce of Axon, which both do not qualify for separate recognition as intangible assets. Goodwill is not expected to be deductible for tax purposes.

The fair value of accounts receivable as reported in the table above corresponds to the gross contractual amounts receivable considering that the sellers are obliged to indemnify the Company for any amount receivable that is not fully collected within 180 days after the acquisition date.

Since the acquisition date on 30 April 2020 Axon contributed EUR 7,9 million to revenue and EUR -1,6 million to net profit in the consolidated income statement for the 8 month-period ended 31 December 2020.

If the acquisition of Axon had been completed on 1 January 2020, the consolidated Group's revenue and net profit for the 12 month-period ended 31 December 2020 would have been EUR 94,9 million and EUR 7,8 million respectively.

The acquisition-related costs amounting to EUR 0,3 million have been immediately expensed as incurred and are presented under the caption "Selling and administrative expenses" in the income statement.

NOTE 5.15 SUBSEQUENT EVENTS

There were no other subsequent events that may have a material impact on the balance sheet or income statement of EVS.

NOTE 5.16: RISK AND UNCERTAINTIES

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the remainder of the year - 2021 are similar to the risks and uncertainties that have been identified by the management of the company and that are listed in the management report of the annual report (available at www.evs.com).

Certification of responsible persons

Serge Van Herck, representing a BV, CEO
Yvan Absil, representing a SRL, CFO

Certify that, based on their knowledge,

- a) the condensed 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 Directors' report fairly presents the important events and related parties transactions of 2020 including their impact on the condensed financial statements, and a description of the existing risks and uncertainties for the remaining months of the fiscal year.