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Regulated information – Press release first half 2021 results
EVS Broadcast Equipment S.A.: Euronext Brussels (EVS.BR), Bloomberg (EVS BB), Reuters (EVS.BR)

EVS REPORTS FIRST HALF 2021 RESULTS

Preparing to deliver strong results in 2021

During the first semester, EVS has experienced its best H1 revenue and profit generation of the last 5 years while also further growing a solid order book for the future. These H1 revenues are based on a continuous and even accelerated growth in the LAB market pillar and an after-Covid catch-up in the LSP market pillar, with some of the customers recovering their investments to deliver the one-year delayed summer events and some peak of events packed at the same time.

H1 Financial performance

- Revenue in the first six months of the year, amounts to EUR 61,8 million, + 56.1% YoY (+49% compared to 1H20 excl. big event rentals).
- Higher Operating expenses (+15.4% in 1H21 compared with 1H20), mainly explained by increased of remuneration costs due to the acquisition of Axon in May 2020.
- EBIT amounts to EUR 15,4 million (24.9% of revenue), which is + 367.7% compared to 1H20
- Net profit amounts to EUR 15,6 million in 1H21, which is + 378.7% compared to 1H20.

Outlook

- Full year revenue guidance is being increased with EUR 5 million and is expected to land between EUR 115 million and EUR 125 million.
- In accordance with the previously announced policy of the Board of Directors to pay a stable dividend and subject to market conditions, a dividend of EUR 1.00 per share for the financial year 2021 is expected to be paid.
- Booked revenues: 85.5MEUR excl. Big Events Rental and 98.5MEUR incl. Big Events Rental
- Order intake June YTD: +56% vs June 30th, 2020 (excl. Big Event Rentals)
- Order book of EUR 67,8 million on June 30th, 2021 (incl. Axon) out of which:
 - EUR 23 million (excl. Big Events Rentals) to be recognized as revenue in 2022 and beyond (+70.3% YoY)
 - EUR 8,1 million for Big Events Rentals related to large events that will be held in 2022
- OPEX for the full year is expected to slightly increase YoY based on the renewed occurrence of certain trade shows and the full year impact of the Media Infrastructure acquisition (Axon).
- The gross margin percentage is expected to be negatively impacted by the rising prices of products thereof.
The lower gross margin on MediaInfra (ex Axon) products will also have a negative impact on the gross margin percentage.

KEY FIGURES

EUR millions, except earnings per share expressed in EUR	Reviewed		
	1H21	1H20	1H21/1H20
Revenue	61,8	39,6	56.1%
Gross profit	42,6	27,0	57.6%
Gross margin %	68.9%	68.2%	-
Operating profit – EBIT	15,4	3,3	367.7%
Operating margin – EBIT %	24.9%	8.3%	-
Net profit (Group share)	15,6	3,3	378.7%
Basic earnings per share (Group share)	1,16	0,24	392.3%

COMMENTS

Serge Van Herck, CEO comments :

“We are very grateful to our customers and channel partners for our strong H1 results. Thanks to their increased trust in our products, services and solutions, we are posting strong financial results, both on the revenue side as on the profit side. This is clearly an impressive achievement as it is our strongest H1 recorded over the last 5 years.”

EVS is recognized for the support of major sporting events and these long-awaited events finally took place this summer. Despite the very special Covid-19 related conditions to operate, I'm impressed that all EVS teams managed to deliver once again at the highest level of service quality, and for the first time based on our new generation of products and solutions (e.g. LSM-VIA and IPD-VIA) with some parts of the solution being hosted in the cloud.”

Concerning the evolution of the business, Serge Van Herck adds: “We are proud of the successes that we are currently experiencing and which are translated in a further strengthening of our order book. We have won during the first semester key deals with major LAB customers that support the acceleration of our growth in this market pillar. For our LSP customers, we observe both a short-term post Covid-19 catch-up and a continuous commitment to EVS solutions to modernize their overall infrastructure. The fact that we helped our customers to accelerate their transition to more remote operations, that we further accelerated our product developments during the pandemic and that we extended our product portfolio through the acquisition of Axon in May last year, are for sure some of the reasons that helped us achieving such strong results.”

During this first semester, we also communicated about the new structure of our offerings based on 3 main solutions: LiveCeption, MediaCeption and MediaInfra. Every solution is supporting our customers for different kinds of modernization projects. One of our main new product launches we did this semester is our Media Infra Strada evolutive routing solution – a first step for EVS in this category – with already a first 1MUSD+ key contract in North America.”

Serge Van Herck finally comments the COVID-19 situation: “Based on the levels of vaccination and the regulations in the different countries where we have subsidiary companies, we will gradually re-open our offices for normal operation as of September onwards. We will be leveraging all the benefits of the experience about remote cooperation that we acquired over the last 18 months. We aim to include all our Team Members in a new hybrid way of working.”

Commenting on the results and the outlook, **Ingrid Rogy, CFO** said: *“I am really pleased to announce such H1 results. Thanks to a strong order book at the end of 2020 and additional MediaInfrastructure revenues, we report a revenue increase of 49% YoY excluding big events. For 2021, we expect revenues to be between EUR 115 million and EUR 125 million. OPEX should slightly increase YoY based on the occurrence of trade shows end of the year and the full year impact of the MediaInfrastructure acquisition (Axon).*

The Cash Flow is positively impacted by the increase of Net Cash coming from operating activities.

EVS Market Dynamics, PLAYForward transformation program and customer wins

The broadcast and media industry is evolving towards a new normal. The occurrence of the major summer sport events did push our LSP customers to restart their investments to deliver the best viewing experience for the audience based on our latest technologies for delivering high quality live production. Our LAB customers continue to proceed to the modernization of their overall infrastructure leveraging the key technological foundations based on IP, virtualization, 4K, HDR and remote production. Due to Covid, LAB customers have delivered major summer events with much less staff in the host country Japan compared to previous events. Thanks to EVS MediaHub - partially deployed in the cloud, journalists in their home country experienced very efficient access to all media as if they were attending the event.

Inline with our PLAYForward strategy to sell more solutions, we did launch the new version of our website better highlighting the 3 categories of solutions:

- LiveCeption: Live production, replay and highlights that elevate the fan experience
- MediaCeption: Production Asset Management for fast and easy turnaround
- MediaInfra: Routing and infrastructure solutions to control and process all media workflows

We did launch the innovative and evolutive MediaInfra Strada routing solution based on Cerebrum, Neuron platform and IP routers. Our customers can now enjoy a smooth evolution path for their modernization towards a full IP infrastructure, while making sure all their investment is future-safe thanks to the form of virtualization enabled by the solid Neuron platform. In the domain of Media Infrastructure, the Axon integration project is now finalized. The remaining integration aspects are now part of the continuous EVS transformation projects.

We also observe a significant traction for our XtraMotion cloud service, recently launched as part of our LiveCeption offering, which enables our customers to generate super-slow-motion replays from any camera based on hybrid workflows leveraging AI in the cloud.

Our new Channel Partner program has been launched with some traction already for “essential” versions of EVS solutions allowing EVS to address different market tiers, as defined in the PLAYForward strategy.

Some key wins in H1:

- Success in the delivery and support of dedicated solutions for major events, including Superbowl and summer sport events
- More and more solutions of the new generation in operation to support customers in their transformation
- Major broadcast & media production centers deals confirming the acceleration of the adoption of EVS new VIA Platform leveraging IP based network (SMPTE 2110 protocol) and its new generation of live production asset management:
- Mid-term commitment of LSPs all over the world for continuous upgrade of their replay servers
- New customers buying our solutions in their “essential” versions for production replay and VAR, sometimes through direct sales, sometimes thanks to the new Channel Partner program
- First 1MUSD+ deal in NALA with MediaInfra Strada evolutive routing solution
- Contracts for major 2022 events secured

Revenue in 1H21

In 1H21, EVS revenue, negatively impacted by currency fluctuation, reached EUR 61,8 million, an increase of 56.1 % compared to 1H20.

At constant currency, revenue increased by 59.6% YoY and increased by 52.9% excluding big event rentals.

Revenue – EUR millions	1H21	1H20	1H21/1H20
Total reported	61.8	39.6	+56.1%
Total at constant currency	63.2	39.6	+59.6%
Total at constant currency and excluding big event rentals	58.7	38.4	+52.9%

EVS revenues are impacted by the EUR/USD currency fluctuation and can have a significant impact on our results even if EUR/USD fluctuations also impact the cost of our US operations and our cost of goods sold.

In the first half of the year, (excl. Big Event Rentals) LSP represented 43% (42% in 1H20) of the revenue, LAB 50% (56% in 1H20).

Geographically, revenues (excl. big event rentals) are distributed in 1H21 as follows:

- Europe, Middle East and Africa (EMEA): EUR 32,1 million (EUR 18,2 million in 1H20)
- Americas (NALA): EUR 15,8 million (EUR 12,9 million in 1H20)
- Asia & Pacific (APAC): EUR 9,4 million (EUR 7,3 million in 1H20)

First half 2021 results

Consolidated gross margin was 68.9% for 1H21, compared to 68.2% in 1H20 explained by lower gross margin on MediaInfra (ex Axon) products and an increase of team member costs in the service department. Operating expenses increased by 15.4% YoY explained by the general increase of the total amount of team members and their associated remuneration; the increase of the total number of team members is mainly linked to the acquisition of Axon in May 2020. The 1H21 EBIT margin was 24.9%, compared to 8.3% in 1H20 mainly driven by the increase in revenues. Income taxes are positive mainly due to the effect of the various tax incentives which are not directly correlated to the level of revenues. Group net profit amounted to EUR 15,6 million in 1H21, compared to EUR 3,3 million in 1H20. Basic net profit per share amounted to EUR 1,16 in 1H21, compared to EUR 0,24 in 1H20.

Team members

At the end of June 2021, EVS employed 542 team members (FTE). This is an increase by 10 team members compared to the end of June 2020. The size of the overall team is expected to slightly increase in 2021.

Balance sheet and cash flow statement

EVS has further strengthened its balance sheet resulting in a net cash position of EUR 41.795 million and with a low debt level (of which EUR 10.7 million relates to IFRS 16) resulting in a total equity representing 73.4% of the total balance sheet as of the end of June 2021.

Lands and building mainly include the headquarters in Belgium (Liège) as well as the right of use for the offices abroad (IFRS16). Six months depreciations on buildings and other tangible assets (including the right of use assets) reached EUR 3.4 million.

Liabilities include EUR 15.1 million of financial debt (including long term and short-term portion of it), mainly related to the lease liabilities for EUR 10.7 million and borrowings for EUR 4.4 million.

Inventories amount to EUR 24.8 million and include around EUR 2.8 million value of MediaInfra (ex Axon) equipment.

During 1H 2021, EUR 1.5 million were recognized as a net write off on inventories accounted as charges in the costs of sales, compared EUR 0.9 million in the same period for 2020. This increase is triggered by the continuous review of the technological obsolescence of some inventory items linked to a range of products classified as end of life at end of June 2021.

In the liabilities, long-term provisions include the provision for technical warranty on EVS products for labor and parts. The other amounts payables include the expected earn out liability for Axon and some customer advances received.

The net cash from operating activities amounts to EUR 13.7 million in 1H21 compared to EUR 8.5 million in 1H20. On June 30, 2021, cash and cash equivalents total EUR 56.9 million. This is an increase compared to the end of 2020 mainly explained by the growth of the net cash from operating activities together with the overall decrease of the net cash used in investing activities and the net cash used in financing activities. The latter includes mainly the dividends paid during 2021 and payments of borrowings and leases.

At the end of June 2021, there were 14,327,024 EVS shares outstanding, of which 925,140 were owned by the company. At the same date, 138,832 warrants were outstanding with an average exercise price of EUR 28.90 and a maturity of December 2022 together with 187,000 warrants with an average exercise price of EUR 13.69 and a maturity of October 2026.

Share buyback update

On May 6, 2020, EVS announced the end of the 2018 Share buyback program, having purchased 528,684 shares at an average price of EUR 18.9149. On May 6, 2020, EVS announced the launch of a new share buyback program of a maximum EUR 5 million. In 2020, EVS has bought 337,155 shares at an average price of EUR 14,8300, representing in total EUR 4,999,999. During 2021, EVS has not bought additional shares. There are no additional Share buyback programs announced.

Aside of the share buyback program, no shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 18, 2021, approved the allocation of 3,016 shares to EVS employees (grant of 10 shares to each staff member in proportion to their effective or assimilated time of occupation in 2020) as a reward for their contribution to the group successes.

Corporate update

During last General Assembly on May 18th, the mandate of 7 Capital SRL, represented by Chantal De Vrieze, as Director has been renewed for 4 years. The Board of Directors is currently composed of six directors:

- Johan Deschuyffeleer, independent director & President (representing The House of Value BVBA);
- Michel Counson, managing director;
- Martin De Prycker, independent director (representing InnoConsult BVBA);
- Chantal De Vrieze, independent director (representing 7 Capital SRL);
- Philippe Mercelis, independent director; and
- Anne Cambier, independent director (representing Accompany You SRL)

2H 2021 outlook

The booked revenues on June 30, 2021 amounts to EUR 85,5 million, which is +47.2% compared to EUR 58,1 million of last year at the same date (excluding Big Events Rentals).

In addition to these booked revenues to be invoiced in 2021, EVS already won EUR 31.1 million of orders to be invoiced in 2022 and beyond (including EUR 8.1 million for 2022 Big Event Rentals), which represents an increase of 18.7% (or 70.4% excluding Big Event Rentals) compared to EUR 26.2 million at the same date last year.

Thanks to this continued strong order book evolution the revenue guidance for the full year 2021 is being increased with EUR 5 million to a range between EUR 115 million and EUR 125 million.

Operational expenses continue to be closely managed and EVS expects those costs to slightly increase compared to 2020 based on the occurrence of trade shows end of year and the full year impact of the Media Infrastructure acquisition (Axon).

The gross margin percentage is expected to be negatively impacted by potential shortage and delay of component and raw material as well as the rising prices thereof. The lower gross margin on MediaInfra (ex Axon) products will also have a negative impact on the gross margin percentage.

Glossary

Term	Definition
Booked revenues	Revenues already recognized from previous years and current year orders & previous years and current year orders currently planned to be recognized in the current calendar year
Short term order book	Revenues planned to be recognized during next calendar year based on current orders
Long term order book	Revenues planned to be recognized in the years after next calendar year based on current orders
Order book <date>	Revenues planned to be recognized after the <date> based on current orders.
LAB market pillar	<p>LAB – Live Audience Business 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</p>
LSP market pillar	<p>LSP – Live Service Providers 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</p>
BER market pillar	<p>BER – Big Events Rental Revenue from major non-yearly big events rental. This market pillar covers the following types of customers: host broadcasters for major events.</p>

Conference call

EVS will hold a conference call in English today at 3.30 pm CEST 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.

Conference call – Registration required

1. Online registration : <http://emea.directeventreg.com/registration/6174585>
2. Webcast player URL: <https://edge.media-server.com/mmc/p/fbzqhedw>

Corporate Calendar:

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 around 530 employees in offices in Europe, the Middle East, Asia and North America, and provides sales and technical support to more than 100 countries. EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371. For more information, please visit www.evs.com

Condensed Interim Consolidated financial statements

NOTE 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	1H21 Reviewed	1H20 Reviewed
Revenue	5.3	61,779	39,573
Cost of sales		-19,221	-12,569
Gross profit		42,558	27,004
Gross margin %		68.9%	68.2%
Selling and administrative expenses		-14,837	-12,566
Research and development expenses		-12,221	-10,874
Other income		51	65
Other expenses		-43	-42
Stock based compensation and ESOP plan		-125	-298
Operating profit (EBIT)		15,383	3,289
Operating margin (EBIT) %		24.9%	8.3%
Interest revenue on loans and deposits		68	8
Interest charges		-447	-383
Other net financial income / (expenses)	5.6	322	7
Share in the result of the enterprise accounted for using the equity method		213	37
Profit before taxes (PBT)		15,539	2,960
Income taxes	5.7	56	298
Net profit		15,595	3,258
Attributable to :			
Non controlling interest		-	-
Equity holders of the parent company		15,595	3,258
		1H21	1H20
EARNINGS PER SHARE (in number of shares and in EUR)		Reviewed	Reviewed
Weighted average number of subscribed shares for the period less treasury shares		13,399,342	13,818,500
Weighted average fully diluted number of shares		13,586,342	13,818,500
Basic earnings – share of the group		1.16	0.24
Fully diluted earnings – share of the group ⁽¹⁾		1.15	0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	1H21 Reviewed	1H20 Reviewed
Net profit	15,595	3,258
Other comprehensive income of the period		
Currency translation differences	199	7
Other increase/(decrease)	-	-3
Total of recyclable éléments	199	4
Total comprehensive income for the period	15,794	3,262
Attributable to :		
Non controlling interest	-	-
Group share	15,794	3,262

(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 2010 as these are not exercisable given the exercise prices were above the share price.

NOTE 2: CONDENSED STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET)

ASSETS (EUR thousands)	Notes	June 30, 2021 Reviewed	Dec 31, 2020 Audited
Non-current assets :			
Goodwill		2,832	2,832
Other intangible assets		6,468	7,041
Lands and buildings	5.11	50,392	51,662
Other tangible assets		4,391	5,034
Investment accounted for using equity method		1,973	1,760
Other long term amounts receivables		1,754	543
Deferred tax assets		7,238	8,725
Other financial assets		396	395
Total non-current assets		75,444	77,992
Current assets :			
Inventories		24,813	22,579
Trade receivables		39,123	30,728
Other amounts receivable, deferred charges and accrued income		7,516	5,930
Other financial assets		175	120
Cash and cash equivalents		56,921	52,668
Total current assets		128,548	112,024
Assets classified as held for sale	5.3.5	-	-
Total assets		203,992	190,016
EQUITY AND LIABILITIES (EUR thousands)	Notes	June 30, 2021 Reviewed	Dec 31, 2020 Audited
Equity :			
Capital		8,772	8,772
Reserves		158,267	149,309
Treasury shares		-17,776	-17,835
Total consolidated reserves		140,491	131,474
Translation differences		475	276
Equity attributable to equity holders of the parent company		149,739	140,522
Non-controlling interest		-	-
Total equity	5.4	149,739	140,522
Long term provisions		1,360	1,299
Deferred taxes liabilities		12	1,389
Financial long term debts	5.11	11,174	12,251
Other long term debts		993	993
Non-current liabilities		13,540	15,932
Short term portion of financial debts	5.11	3,951	4,713
Trade payables		7,483	5,775
Amounts payable regarding remuneration and social security		7,773	7,005
Income tax payable		2,308	2,259
Other amounts payable, advances received, accrued charges and deferred income	5.6	19,199	13,811
Current liabilities		40,714	33,562
Total equity and liabilities		203,992	190,016

NOTE 3: CONDENSED STATEMENT OF CASH FLOWS

Notes	1H21 Reviewed	1H20 Reviewed
Cash flows from operating activities		
Net profit, group share	15,595	3,258
Adjustment for:		
- Other income	-	-4
- Depreciation and write-offs on fixed assets	3,443	2,985
- Stock based compensation and ESOP	5.4 125	298
- Provisions	61	-258
- Income tax expense (+) / Gain (-)	-56	-298
-Interests expense (+) / Income (-)	58	367
-Share of the result of entities accounted for under the equity method	-213	-37
Adjustment for changes in working capital items:		
-Inventories	-2,153	-5,968
-Trade receivables	-9,118	8,354
-Other amounts receivable, deferred charges and accrued income	-1,398	-562
-Trade payables	1,690	-1,664
-Amounts payable regarding remuneration and social security	664	-2,555
-Other amounts payable, advances received, accrued charges and deferred income	4,777	2,459
-Conversion differences	184	109
<i>Cash generated from operations</i>	<i>13,658</i>	<i>6,484</i>
Income taxes paid	5.7 88	2,029
Net cash from operating activities	13,746	8,513
Cash flows from investing activities		
Purchase of intangible assets	-133	-38
Purchase of tangible assets (lands and building and other tangible assets)	-590	-4,647
Disposal of tangible assets	-	-
Business acquisitions	0	-9,614
Other financial assets	-1	-56
Net cash used in investing activities	-725	-14,356
Cash flows from financing activities		
Reimbursement of borrowings	5.11 -521	-2,025
Proceeds from new borrowings	-	8,547
Payment of lease liabilities	-1,324	-737
Interests paid	-231	-382
Interests received	68	8
Dividend received from investee	-	-
Dividend paid - interim dividend	-	-
Dividend paid - final dividend	-6,761	-
Other allocation	-	-300
Acquisition / sale of treasury shares	5.4 -	-4,059
Net cash used in financing activities	-8,769	1,052
Net increase / decrease in cash and cash equivalents	4,252	-4,790
Net foreign exchange difference (included in Net increase in cash in 2021)	364	-22
Cash and cash equivalents at beginning of period	52,668	59,010
Cash and cash equivalents at end of period	56,921	54,199

NOTE 4: CONDENSED STATEMENT OF CHANGE IN EQUITY

(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	141,761	-	141,761
Total comprehensive income for the period		3,255		7	3,262		3,262
Acquisition of non-controlling interest							-
Share-based payments		298			298		298
Acquisition/sale of treasury shares			-4,059		-4,059		-4,059
Final dividend		-			-		-
Interim dividend							-
Other allocation		-300			-300		-300
Balance as per June 30, 2020	8,772	145,403	-13,986	774	140,962	-	140,962

(EUR thousands)	Capital	Reserves	Treasury shares (Note 5.4)	Currency translation differences	Equity, group share	Non-controlling interest	Total equity
Balance as at January 1, 2021 (reported)	8,772	149,308	-17,835	276	140,522	-	140,522
Total comprehensive income for the period		15,595		199	15,794		15,794
Increase in shareholders' equity	-	-			-	-	-
Share-based payments		125			125		125
Operations with treasury shares			59		59		59
Final dividend		-6,761			-6,761		-6,761
Interim dividend					-		-
Other allocation					-		-
Balance as per June 30, 2021	8,772	158,267	-17,776	475	149,739	-	149,739

NOTE 5: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of EVS Group for the 6 month-period ended June 30, 2021, are established 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. The condensed interim financial statements of the Group for the 6 month-period ended June 30, 2021, were authorized for issue by the Board of Directors on August 20, 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 consolidated financial statements for the financial year ended on December 31, 2020.

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 2020 consolidated financial statements. The Company's IFRS accounting policies and methods are available in the 2020 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, 2021 which are listed hereunder:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2.
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021 but not yet endorsed in the EU).

The adoption of these new, amended or revised pronouncements did not have a 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. This explains why the majority of the investments and costs are located at the level of the Belgian parent company. 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 located in the parent company EVS Broadcast Equipment SA in Belgium.

The company provides only one type of solution: solutions based on tapeless workflows 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", "Live Audience Business" and "big event rentals" 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.

Revenue (EUR thousands)	1H21	1H20	% 1H21/ 1H20
Live Audience Business	30,614	21,996	+39.2%
Live Service Provider	26,655	16,436	+62.2%
Big event rentals	4,510	1,141	+293.4%
Total Revenue	61,779	39,573	+56.1%

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 the “big event rentals”.

Revenue for the YTD period (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event rentals	TOTAL
1H21 revenue	9,379	32,133	15,757	4,510	61,779
Evolution versus 1H20 (%)	+28.1%	+76.9%	+21.9%	+293.4%	+56.1%
Variation versus 1H20 (%) at constant currency	+28.1%	+76.9%	+33.2%	+293.4%	+59.8%
1H20 revenue	7,324	18,178	12,930	1,141	39,573

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 one country: The United States (Americas, EUR 24.9 million in the last 12 months).

5.3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

Revenue (EUR thousands)	1H21	1H20	% 1H21/ 1H20
Sale of Equipment	52,733	33,154	+59.1%
Others services	9,046	6,419	+40.9%
Total Revenue	61,779	39,573	+56.1%

Others services include the advice, installations, project management, training, maintenance, and distant support. Work in progress (“WIP”) contract are included in both categories.

5.3.4. Information on important clients

Over the last 6 months, no external client of the company represented more than 10% of the revenue.

5.3.5 Other income and assets held for sale

At the end of June 2021, there were no Assets held for sale anymore.

NOTE 5.4: EQUITY SECURITIES

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

	2021	2020
Number of own shares at January 1	928,207	400,180
Acquisition of own shares on the market	-	281,611
Sale of own shares on the market	-	-
Allocation to Employees Profit Sharing Plans	-3,067	-16,280
Sale related to Employee Stock Option Plan (ESOP) and other transactions	-	-
Number of own shares at June 30	925,140	665,511
Outstanding warrants at June 30	325,832	138,832

In 1H21, the Group did not repurchase their 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 18, 2021, approved the allocation of 3,067 shares to EVS employees (grant of 10 shares to each staff member in proportion to their effective or assimilated time of occupation in 2020) as a reward for their contribution to the group successes.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of May 18, 2021, approved the payment of a total gross dividend of EUR 0.50 per share.

(EUR thousands)	# Coupon	2021	2020
- Interim dividend for 2019 (EUR 0.50 per share less treasury shares)	29	-	6,914
- Final dividend for 2020 (EUR 0.50 per share less treasury shares)	30	6,761	-
Total paid dividends		6,761	6,914

In accordance with the previously announced policy of the Board of Directors to pay a stable dividend and subject to market conditions, a dividend of EUR 1.00 per share for the financial year 2021 is expected to be paid.

NOTE 5.6: OTHER NET FINANCIAL INCOME / (EXPENSES)

(EUR thousands)	1H21	1H20
Fair value variation of financial instruments	-7	-89
Exchange results	268	30
Other financial results	61	67
Other net financial income / (expenses)	322	7

The functional currency of EVS Broadcast Equipment SA as well as all subsidiaries is the euro, except for the EVS Inc. subsidiary, whose functional currency is the US dollar and Axon Digital Design LTD. subsidiary whose functional currency is the GBP. 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.

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 June 30, 2021, the group holds USD 1.5 million in forward exchange contracts, with an average maturity date of December 2021, and an average exchange rate of EUR/USD of 1.2182 and GBP 2 million in forward exchange contracts, with an average maturity date of December 2021, and an average exchange rate of GBP/EUR of 1.1320. The fair value of those financial instruments on June 30, 2021, amounts to EUR -0.1 million.

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 based on 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 earnout is reached) and a gain of EUR 1.5 million (in case of reverse earn-out).'

NOTE 5.7: INCOME TAX EXPENSE

(EUR thousands)	1H2021	1H2020
- Current tax (expense) / income	494	-188
- Deferred tax (expense) / income	-438	486
Total	56	298

Income taxes remain positive mainly due to various tax incentives (cfr 2020 annual report) which are not directly correlated to the level of revenues.

The effective tax rate for the period ended on June 30, 2021, is -0.4% (-10.2% for same period in 2020).

The evolution of effective tax rate is mainly explained by:

- The decrease of the current tax due a tax relief of EUR 0.7 million received during the first half of 2021; and
- The increase of the deferred tax expenses due to the increase of the profit before tax for EUR 12.6 million impacting the recoverable tax loss for EUR 0.2 million together with the reversal of some temporary differences.

NOTE 5.8: HEADCOUNT

(in full time equivalents)	At June 30
2021	542
2020	532
<i>Variation</i>	+1.9%

NOTE 5.9: EXCHANGE RATES

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

Exchange rate USD/EUR	Average 1H	At June 30
2021	1.2049	1.1884
2020	1.1024	1.1198
<i>Variation</i>	+9.3%	+6.13%

Exchange rate GBP/EUR	Average 1H	At June 30
2021	0.8682	0.8580
2020	0.8746	0.9124
<i>Variation</i>	+0.73%	-5.97%

NOTE 5.10: FINANCIAL DEBT

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. The repayment schedule foresees a first repayment of EUR 0.6 million in the last quarter of 2020 and annual installments of EUR 1.1 million between 2021 and 2024 with a final repayment of EUR 0.6 million in 2025 when the loan will mature. On June 2021, EVS paid EUR 0.6 million interest included.

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 30/06/2025. As of this date, EVS has not used this credit facility.

NOTE 5.11: SUBSEQUENT EVENTS

EVS stock options have been accepted by EVS personnel under the EVS stock option plan offered to the EVS personnel in June 2021.

On 07 April 2021, the board of directors approved the launch of a new warrant plan for a maximum of 171,000 warrants for some of EVS employees. The acceptance period started on June 22, 2021 and will end August 21, 2021.

The warrants accepted by the end of June 2021 has no significant impact on EVS financial statements. As such, this plan will be recognized entirely once the acceptance period ends. Additional information regarding this plan will be detailed in year end 2021 annual report.

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

NOTE 5.12: 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).

NOTE 5.13: RELATED PARTIES TRANSACTIONS

During 1H 2021, the members of the executive management considered as related parties received a total amount of EUR 646.765.

Report of the statutory auditor on the accounting data presented in the semi-annual press release of EVS Broadcast Equipment SA

We have compared the accounting data presented in the semi-annual press release of EVS Broadcast Equipment SA with the Interim Condensed Consolidated Financial Statements as at June 30, 2021, which show a balance sheet total of K€ 203.992 and net income (group share) for the period of K€ 15.595. We confirm that these accounting data do not show any significant discrepancies with the Interim Condensed Consolidated Financial Statements.

We have issued a review report on these Interim Condensed Consolidated Financial Statements, in which we declare that, based on our review, nothing has come to our attention that causes us to believe that these Interim Condensed Consolidated Financial Statements are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting, as adopted for use in the European Union.

Liège, August 23, 2021

Ernst & Young Réviseurs d'Entreprises SCRL
Statutory auditor
represented by

Marie-Laure Moreau
Partner
* Acting on behalf of a SRL

Ref: 22MLM0017

Certification of responsible persons

Serge Van Herck & CEO*
Ingrid Rogy, CFO ai*

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 the first six months of 2021, 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.

* acting on behalf of a BV