

EVS reports 2021 results

Revenue and order book at record high

> FY21 performance

- Strong revenue result of EUR 137,6 million (+56% YoY or +53% YoY at constant currency).
- Gross margin performance is solid at 69,6% (+3,1Pts) despite the challenging conditions of the components market
- Operating expense, at EUR 58,7 million: a growth of 11% compared to 2020
- Net profit of EUR 34,9 million, growing 386% YoY, mainly boosted by higher revenue levels
- On top of the above, we registered a record-high order intake 2021 results in an order book on hand at end of 2021 of EUR 63,9 million (+19% YoY), positioning a promising 2022.
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> Dividend

- EVS proposes a base gross dividend for the year 2021 at EUR 1,00 per share**
- 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 in May 2022**
 - > A second additional exceptional gross dividend of EUR 0,50 per share in May 2023*, **
- For the next 3 years, EVS proposes to renew the dividend policy. A proposal will be presented to the Ordinary General Meeting of shareholders. Our ambition is to deliver a total gross dividend of EUR 1,10 for the 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

* subject to market conditions

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

> H2 performance

- Revenue performance at EUR 75,8 million (+56% YoY)
- A strong gross margin performance at 70,3% (+5,3Pts in comparison to 65,0% in 2H20)
- Operating expenses at EUR 31,6 million increase with 8% in comparison to 2H20: a controlled investment in future growth
- EBIT of EUR 21,7 million (margin of 28,6%) and a net profit of EUR 19,3 million

> Outlook

All company indicators are green to deliver success in 2022

○ 2022 financial outlook

- > We start the year 2022 with the highest order book in the history of EVS at EUR 63,9 million (+19% YoY), of which:
 - EUR 41,8 million to be recognized in revenue in 2022 (+34% YoY and excl Big Event Rentals)
 - EUR 9,2 million to be recognized in revenue in 2022 for Big Events Rental (compared to EUR 12,9 million at the end of 2020)
 - EUR 12,9 million to be recognized in revenue in 2023 and beyond (+32% YoY)
- > We expect revenue for 2022 to be in a range of EUR 125 million and EUR 140 million, based on the current indicators. EVS does see an increasing impact of the worldwide shortages in the supply chain of electronic components, which may impact our revenue generation.
- > Operating expenses will continue to grow mid to high single digits because of inflation and additional hirings to continue and fuel our growth. Further evolution of inflation can potentially impact this assessment.

KEY FIGURES

Unaudited			EUR millions, except earnings per share expressed in EUR	Audited		
2H21	2H20	2H21/2H20		FY21	FY20	FY21/FY20
75,8	48,5	27,3	Revenue	137,6	88,1	49,5
53,2	31,6	21,6	Gross profit	95,8	58,6	37,2
70,3%	65,0%	+5,3Pts	Gross margin %	69,6%	66,5%	+3,1Pts
21,7	2,4	19,3	Operating profit – EBIT	37,1	5,7	31,4
28,6%	4,9%	+23,7Pts	Operating margin – EBIT %	27,0%	6,4%	+20,6Pts
19,3	3,9	15,4	Net profit (Group share)	34,9	7,2	27,7
1,44	0,29	1,15	Basic earnings per share (Group share)	2,60	0,53	2,07

COMMENTS

Serge Van Heck, CEO said: *“I am very thankful to all EVS team members, our customers and channel partners around the world who helped us realizing such strong financial results in 2021.*

Part of our progress is linked to a business catch-up effect after a weak 2020 Covid year, as both the Olympic Games and the Euro were delayed from 2020 to 2021. The largest part of our progress comes from the accelerated revenue growth of our 3 solution pillars: LiveCeption, MediaCeption and Media Infrastructure.

I am happy to see that our PLAY Forward strategy that we defined early 2020 is generating the expected growth in our both customer segments.

After a year of major Covid slowdown in 2020, our LSP (Live Service Providers) customers have increased their investments in 2021; many of them are now accelerating the upgrading of their existing EVS LiveCeption infrastructure, taking benefit of our latest generation of XT-VIA servers and our new LSM VIA remote.

The revenues generated by our LAB (Live Audience Business) customers continue to rise year after year. Our MediaCeption solution that provides a state-of-the-art Production Asset Management solution, is increasingly winning market share in large studio environments.

On the acquisition side, we have further strengthened our integration experience by realizing a full and successful integration of the largest acquisition we ever made in May 2020 (Axon). Our Media Infrastructure solution pillar is the result of this acquisition. With an increasing solutions portfolio, increasing opportunity pipeline and increasing order size, we are confident that our Media Infrastructure pillar will continue to be a source of revenue growth in the future as well.

The extensive list of technology awards that we have received in 2021 (as for our LiveCeption cloud based XtraMotion service and new IP/SDI routing solution MediaInfra Strada) demonstrates the level of innovation we continue to bring to our customers around the world.

I am proud to say that we continue as never before, to create return on emotion for our customers. We help our customers to create emotion, for billions of people, every day, anywhere in the world. And I’m happy to say that we just did it again successfully, by enabling the live production of the Super Bowl in the USA and supporting our clients, acting as right holders, to cover the Winter Olympics in China!

Commenting on the results and prospects, Veerle De Wit, CFO, said: *“Our second half performance continued as strong as the 1st half of 2021. From an order intake point of view as well as from a revenue point of view, our business continued to demonstrate excellent numbers. The order book has never been more promising, and it positions us well for the year 2022. Yet we remain prudent, as the impact of the shortage of electronic components is growing across the world. Operating expenses are expected to increase further, on the one hand because of the rising inflation (we remain vigilant as per further evolutions), on the other hand we will further increase our team member base. It is important for us to continue and fuel the future growth. The shortage of the components market is not only impacting delivery times, but also our cost of sales. Keeping control over our production cost will remain an attention point for the year 2022.”*

Revenue numbers in 2H21 and FY21

2H21	2H20	%2H21/2H20	Revenue – EUR millions	FY21	FY20	% FY21/FY20
75.8	48.5	56,2%	Total reported	137.6	88.1	56,2%
75.5	48.5	55,7%	Total at constant currency	134.8	88.1	53,0%
66.4	48.4	37,2%	Total at constant currency and excluding Big Event Rentals	121.2	86.8	39,6%

Overall second half 2021 results

Revenue performance continued strong in line with the trend of 1H21. In total 2H21 demonstrates a EUR 27.3 million growth in revenue, closing in at EUR 75.8 million (+56% growth year-over-year and +37% at constant currency and excluding Big Event Rentals).

Next to a strong revenue performance, 2H21 was also marked by a strong profit performance. The consolidated gross margin was 70,3% versus 65,0% in 2H20 (considering a Big Event Rental year). We have been able to limit the cost impacts of the shortage in the components market in 2H21.

Operating expenses increased by 8% vs 2H20, mainly because of a higher remuneration cost (boosted by higher variable remuneration linked to the good results) and some expenses in relation to our business transformation strategy. A benefit of EUR 1,0 million was booked in other income as earn out on the Axon acquisition.

The 2H21 EBIT margin was 28,6% versus 4,9% in 2H20. Group net profit amounted to EUR 19,3 million in 2H21, compared to EUR 3,9 million in 2H20. Basic net profit per share amounted to EUR 1,44 in 2H21 (compared to EUR 0,29 in 2H20).

Overall 2021 results

For FY21, EVS revenue reached EUR 137,6 million, an increase by 56% (40% at constant currency and excluding the Big Event Rentals) compared to FY20.

All our market pillars performed well in 2021. Revenue of solutions in LSP (Live Service Providers) represented 37.7% of the total group revenue. LAB (Live Audience Business) revenue represented 52.5% of total revenue in 2H21, and Big Event Rentals represented 9.8% of total revenue.

Geographically, revenues (excl. Big Event Rentals) are distributed in FY21 as follows:

- Europe, Middle East and Africa ("EMEA"): EUR 63,5 million (+55% YoY)
- Americas: EUR 37,5 million (+42% YoY)
- Asia & Pacific ("APAC"): EUR 23,1 million (+20% YoY)

Each region contributed to the good results.

Gross profit margin improved in 2021 by 3,1Pts up to 69,6% (compared to 66,5% for FY20). This margin performance is a result of a favorable product mix.

Operating expenses increased with 11% to EUR 58,7 million. The year-over-year comparison is impacted by the Axon acquisition and some COVID measures. Once normalized, the increase is primarily linked to the overall performance (variable remuneration, logistics fees, ...) as well as some expenses to build the future, translated by new hires as well as support in business transformation. In other income a benefit of EUR 1,0 million was booked following the close out of the earn out clause in the Axon acquisition contract.

Income taxes in FY21 amounts to EUR 2,8 million. Tax latencies regarding reductions for innovation and investments have been applied in 2021. In addition, a tax benefit was booked worth EUR 0,5 million for restitutions in the Hong Kong office.

Group net profit amounted to EUR 34,9 million in FY21, compared to EUR 7,2 million in FY20. Basic net profit per share amounted to EUR 2,60 in FY21, compared to EUR 0,53 in FY20.

2021 Market perspective: all positive signs for future growth

From a market pillar perspective, we observed different dynamics.

2021 has been a very successful year for our LSP (Live Service Providers) market pillar despite the continuation of pandemic conditions. Not only did most of events happen and were successfully broadcasted - supported by the creativity of our LSP customers – but the new conditions projected our customers in the future with the adoption of new practices. Some of our customers did recover their initial plans paused in 2020, resulting in a catch-up of the revenues that would normally have been recognized in 2020. Other customers realized the benefits of the new EVS solutions to face the challenges of the new world and did sign long term partnership with EVS through confirmed upgrade of their whole fleet of replay servers, resulting in multi-year orders.

In the LAB (Live Audience Business) market pillar, the impacts of Covid have been lower with no real catchup effect. The first modernization contracts have been delivered and the systems are now operational. The orders for new modernization projects continue to flow, and they support growth of this market pillar (+28% vs 2020, +38% vs 2019). EVS did also sign a key contract with RTBF for the co-design of a new solution – based on Cerebrum – leveraging new technologies as IP, AI and SW to re-invent production methods, bringing more flexibility to improve the productivity of live content creation.

2021 and 2022 is a special sequence for major events and the BER (Big Events Rental) market pillar. 2021 major summer events have been a success with the first adoption of the new generation of products as LSM-VIA or MediaHub deployed in a hybrid mode with some parts in the cloud and some other parts deployed on premise of the host broadcaster. Host broadcasters of major events of 2022 did also confirm their trust in EVS, resulting in a significant BER component in the booked revenues for 2022.

From a regional perspective all our geographies performed well: all regions demonstrated growth, not only compared to FY20, but also in comparison to FY19.

The acquisition of Axon is bearing its fruits. With the design of new Strada evolutive video routing solution and the early successes in the NALA region, EVS strengthens its position in the Media Infrastructure market and proves the success of the acquisition of Axon with a successful lever on both strong products and EVS customer intimacy.

EVS did also continue the deployment of hybrid workflows. Thanks to the launch of XtraMotion sold through “EVS Credits”, our customers can create emotion with super slow-motion replays and highlights produced in the cloud in a much more affordable way than with all dedicated cameras as it has been proven through a partnership with Fox Sports US. The “Big Events proven” MediaHub solution is also becoming available in SAAS to expose the host broadcaster’s content worldwide and support higher monetization of live and near-live content. “On-demand” and SAAS business model start to gain more traction in the industry.

The scarcity of electronic components could have an impact on 2022 revenues. In this very volatile market, the only secured components are the ones laying in EVS warehouse. Even if EVS manages to secure components for a part of the planned orders,

we expect we will face challenges and possible delays for some components. Our HW and purchasing teams are currently doing magic by analyzing alternative designs and considering other sourcing alternatives.

2021 Staff update

At the end of 2021, EVS employed 551 team members (FTE). This is an increase by 1 team member compared to the end of 2020. Average FTE in 2021 was 547 vs 514 in 2020 (following Axon’s acquisition the 1st of May 2020).

2021 Balance sheet and cash flow statement

EVS continues to have a strong balance sheet with net cash position of EUR 54.9 million with low debt level (of which EUR 13.4 million related to Lease contracts) resulting in a total equity representing 73.3% of the total balance sheet as of the end of December 2021.

Lands and buildings mainly include the new headquarters in Liège as well as the right of use for the offices abroad. Twelve months depreciations on intangible assets, lands and buildings (including the right of use assets) and other tangible assets reached EUR 7 million. Liabilities include EUR 17.3 million of financial debt (including long term and short-term portion of it), mainly related to lease liabilities for EUR 13.4 million and borrowings for EUR 3.9 million.

The net cash from operating activities amounts to EUR 38.7 million in December 2021 compared to EUR 19.2 million in December 2020. On December 31, 2021, cash and cash equivalents total EUR 72.1 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. The increase of net cash used in financing activities is mainly explained by the payment of an interim and final dividend in 2021 (this was not the case for 2020).

At the end of December 2021, there were 14,327,024 EVS shares outstanding, of which 925,140 were owned by the company. In 2021, 158,600 new warrants were granted to various staff members, there were no exercises meaning that no shares were used to satisfy the exercise of warrants by employees and 28,000 warrants were cancelled. At the end of 2021, 456,432 warrants were outstanding with an average exercise price of EUR 19.89 and an average maturity of November 2025. Additional information is available in the note 5.4.

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.

2022 financial outlook and beyond

Predictions for 2022 remain challenging: on the one hand we feel like the world is starting to get a better grip on the pandemic, but on the other hand, we see important issues arising as the consequence of the pandemic. The biggest uncertainty is without a doubt the shortage in the components market that is potentially impacting our revenue streams (in case of further delays in delivery) but also likely to impact the gross margins. Also, inflation is to be monitored carefully.

EVS however has a lot of signs to remain positive. All our indicators demonstrate that we can grow our business in 2022 as well.

In BER market pillar, EVS 2022 revenues will benefit from a second consecutive year with Big Events. We expect this market pillar to reach approximately EUR 9,0 million of revenue in 2022.

We also continue our focus to increase our “long term order book” (beyond 2022) with service-type like offerings and SLA orders covering longer periods of time and multi-year revenue recognition linked to large modernization contracts.

2022 OPEX is set to continue increase with mid to high single digits. This growth is nourished by increasing inflation, but also additional hirings to continue and fuel our growth.

Glossary

Term	Definition
Order book <date>	Revenues planned to be recognized after the <date> based on current orders. The sum of "booked revenues", "short term order book" and "long term order book".
Operating Expenses	Operating expenses are all expenses including other income, other expenses and Stock based compensation and ESOP plan
LAB market pillar	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
LSP market pillar	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
BER market pillar	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.

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 and in the webcast.

Participants must register for 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: <http://emea.directeventreg.com/registration/1673798>
2. Webcast Player URL: <https://edge.media-server.com/mmc/p/sq49hqfd>

Corporate Calendar:

May 17th, 2022: Ordinary General Meeting of shareholders
 May 19th, 2022: Q1 2022 results
 August 25th, 2022: H1 2022 results
 November 17th, 2022: Q3 2022 results

For more information, please contact:

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Forward Looking Statements

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

About EVS

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

ANNEX 1: CONDENSED CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Annex	FY21 Audited	FY20 Audited	2H21 Unaudited	2H20 Unaudited
Revenue	5.3	137,578	88,111	75,799	48,538
Cost of sales		-41,764	-29,554	-22,543	-16,985
Gross profit		95,814	58,557	53,256	31,553
Gross margin %		69.6%	66.5%	70.3%	65.0%
Selling and administrative expenses		-32,392	-27,486	-17,555	-14,920
Research and development expenses		-27,088	-24,004	-14,867	-13,130
Other income	5.6	1,108	152	1,057	87
Other expenses		-114	-1,217	-71	-1,175
Profit-sharing plan and warrants		-232	-352	-107	-54
Operating profit (EBIT)		37,096	5,650	21,713	2,361
Operating margin (EBIT) %		27.0%	6.4%	28.6%	4.9%
Interest revenue on loans and deposits	5.7	51	57	-17	49
Interest charges	5.7	-893	-833	-446	-450
Other net financial income / (expenses)	5.7	1,254	-860	932	-868
Share in the result of the enterprise accounted for using the equity method		193	339	-20	302
Profit before taxes (PBT)		37,701	4,353	22,162	1,393
Income taxes	5.8	-2,797	2,833	-2,853	2,535
Net profit from continuing operations		34,904	7,186	19,309	3,928
Net profit		34,904	7,186	19,309	3,928
Attributable to :					
Non controlling interest					
Equity holders of the parent company		34,904	7,186	19,309	3,928
EARNINGS PER SHARE (in number of shares and in EUR)		FY21 Audited	FY20 Audited	2H21 Unaudited	2H20 Unaudited
Weighted average number of subscribed shares		13,400,624	13,668,612	13,401,884	13,520,352
Weighted average fully diluted number of shares		13,587,624	13,674,232	13,588,884	13,531,531
Basic earnings – share of the group		2.60	0.53	1.44	0.29
Fully diluted earnings – share of the group ⁽¹⁾		2.57	0.53	1.42	0.29

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	FY21 Audited	FY20 Audited	2H21 Unaudited	2H20 Unaudited
Net profit	34,904	7,186	19,309	3,928
Other comprehensive income of the period				
Currency translation differences	475	-491	276	-498
Total of recyclable elements	475	-491	276	-498
Gains / (losses) on remeasurement of defined benefit obligations, net of tax	-412	-78	-412	-75
Total of non-recyclable elements, net of tax	-412	-78	-412	-75
Total other comprehensive income of the period, net of tax	63	-569	-136	-573
Total comprehensive income for the period	34,967	6,617	19,173	3,355
Attributable to :				
Non controlling interest	-	-	-	-
Group share	34,967	6,617	19,173	3,355

(1) The diluted earnings per share does include:

- 187,000 warrants attributed in December 2020 of which, 159,000 warrants are outstanding at the end of the year with an exercise price below the share price. These 159,000 warrants have maturity of October 2026; and
- 158,600 warrants attributed in June 2021 and outstanding at the end of the year with an exercise price below the share price. These 158,600 warrants have maturity of June 2027.

The diluted earnings per share does not include 138,832 warrants outstanding at the end of 2021 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, 2021 Audited	Dec. 31, 2020 Audited
Non-current assets :			
Goodwill		2,832	2,832
Other intangible assets		6,113	7,041
Lands and buildings	5.13	52,673	51,662
Other tangible assets	5.13	4,307	5,034
Investment accounted for using equity method		1,920	1,760
Other amounts receivables		2,408	543
Deferred tax assets		5,933	8,725
Financial assets		404	395
Total non-current assets		76,590	77,992
Current assets :			
Inventories		25,951	22,579
Trade receivables		38,924	30,728
Other amounts receivable, deferred charges and accrued income		6,417	5,929
Financial assets		201	120
Cash and cash equivalents		72,144	52,668
Total current assets		143,637	112,024
Total assets		220,227	190,016
EQUITY AND LIABILITIES (EUR thousands)			
Equity :			
Capital	5.4	8,772	8,772
Reserves		170,570	149,309
Treasury shares		-17,776	-17,835
Total consolidated reserves		152,794	131,474
Translation differences		751	276
Equity, attributable to the owners of the parent		162,317	140,522
Non-controlling interest		-	-
Total equity	5.4	162,317	140,522
Provisions		1,502	1,299
Deferred taxes liabilities		11	1,389
Financial debts	5.12	13,554	12,251
Other debts	5.14	1,825	993
Non-current liabilities		16,892	15,932
Financial debts	5.12	3,728	4,713
Trade payables		10,497	5,775
Amounts payable regarding remuneration and social security		10,658	7,005
Income tax payable		2,586	2,258
Other amounts payable, advances received, accrued charges and deferred income		13,549	13,811
Current liabilities		41,018	33,562
Total equity and liabilities		220,227	190,016

ANNEX 3: CONDENSED STATEMENT OF CASH FLOWS

(EUR thousands)	Notes	FY21 Audited	FY20 Audited
Cash flows from operating activities			
Net profit, group share		34,904	7,186
Adjustment for:			
- Other income		-	18
- Depreciation and write-offs on tangible and intangible assets		7,015	6,658
- Write-off on goodwill		-	1,125
- Stock based compensation and ESOP	5.4	232	352
- Provisions		417	-337
- Income tax expense (+) / Gain (-)		2,797	-2,833
-Interests expense (+) / Income (-)		-412	1,636
-Share of the result of entities accounted for under the equity method		-193	-339
Adjustment for changes in working capital items:			
-Inventories		-3,372	-3,648
-Trade receivables		-10,061	8,204
-Other amounts receivable, deferred charges and accrued income		-430	-1,206
-Trade payables		4,722	-1,446
-Amounts payable regarding remuneration and social security		3,653	-1,671
-Other amounts payable, advances received, accrued charges and deferred income		-263	4,184
-Conversion differences		813	590
<i>Cash generated from operations</i>		<i>39,822</i>	<i>18,473</i>
Income taxes received / (paid)	5.8	-1,112	686
Net cash from operating activities		38,710	19,159
Cash flows from investing activities			
Purchase of intangible assets		-234	-53
Purchase of tangible assets (lands and building and other tangible assets)		-1,357	-2,264
Disposal of tangible assets		-	207
Business acquisitions		-	-10,255
Other financial assets		3	-35
Net cash used in investing activities		-1,588	-12,400
Cash flows from financing activities			
Reimbursement of borrowings	5.12	-1,086	-4,590
Proceeds from new borrowings		-	5,500
Payment of lease liabilities		-3,417	-3,224
Interests paid		-566	-1,645
Interests received		13	57
Dividend received from equity-accounted investee		-	-
Dividend-paid - interim dividend		-6,701	-
Dividend-paid - final dividend		-6,699	-
Other allocation		-	-300
Acquisition (-) / sale (+) of treasury shares	4 & 5.4	-	-7,908
Increase in shareholders' equity		-	-
Net cash used in financing activities		-18,456	-12,110
Net increase in cash and cash equivalents		18,666	-5,351
Net foreign exchange difference		810	-991
Cash and cash equivalents at beginning of period		52,668	59,010
Cash and cash equivalents at end of period		72,144	52,668

ANNEX 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
Change in accounting policies							
Balance as at January 1, 2020 (restated)	8,772	142,149	-9,927	767	141,761	-	141,761
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			-7,908		-7,908		-7,908
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

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total Equity
Balance as at January 1, 2021 (reported)	8,772	149,309	-17,835	276	140,522		140,522
Change in accounting policies							
Balance as at January 1, 2021 (restated)	8,772	149,309	-17,835	276	140,522		140,522
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			59		59		59
Final dividend		-6,699			-6,699		-6,699
Interim dividend		-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

ANNEX 5: NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5.1: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The full year 2021 and 2020 information in this condensed financial statement on pages 6 to 9 is based on EVS Group's consolidated financial statements for the 12 month-period ending December 31, 2021, which have not yet been published. This condensed interim financial statements of the Group were authorized for issuing by the Board of Directors on February 23rd, 2022.

This interim report only provides an explanation of events and transactions that are significant to the 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 2021 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 15th, 2022.

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 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 1st, 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 (applicable for annual periods beginning on or after 1 June 2020)
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023 (applicable for annual periods beginning on or after 1 January 2021)

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 the Axon acquisition in May 2020, 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 the 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 Leadership Team, 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.

2H21	2H20	% 2H21/ 2H20	Revenue (EUR thousands)	FY21	FY20	% FY21/ FY20
42,986	34,689	+23.9%	Live Audience Business	72,259	56,685	+27.5%
23,818	13,722	+73.6%	Live Service Provider	51,785	30,158	+71.7%
9,021	127	+7003.1%	Big Event Rentals	13,534	1,268	+967.4%
75,824	48,538	+56.2%	Total Revenue	137,578	88,111	+56.2%

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
2H21 revenue	13,401	31,696	21,706	9,021	75,824
Evolution versus 2H20 (%)	+11.8%	+38.9%	+59.6%	+7003.1%	+56.2%
Variation versus 2H20 (%) at constant currency	+11.8%	+38.9%	+57.0%	+7003.1%	+55.7%
2H20 revenue	11,991	22,824	13,596	127	48,538

Revenue for the YTD period (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
FY21 revenue	23,077	63,468	37,499	13,534	137,578
Evolution versus FY20 (%)	+19.6%	+54.9%	+41.4%	+967.4%	+56.2%
Variation versus FY20 (%) at constant currency	+19.6%	+54.9%	+30.5%	+967.4%	+53.0%
FY20 revenue	19,315	41,002	26,526	1,268	88,111

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 three countries: The United States, Spain and Switzerland (respectively, EUR 32,8 million, EUR 10,9 million & 9,1 million in the last 12 months).

5.3.3. Information on revenue by nature

Revenue can be presented by nature: systems and services.

2H21	2H20	% 2H21/ 2H20	Revenue (EUR thousands)	FY21	FY20	% FY21/ FY20
58,214	41,722	+39.5%	Systems	106,416	74,876	+42.1%
17,610	6,816	+158.4%	Services	31,162	13,236	+135.4%
75,824	48,538	+56.2%	Total Revenue	137,578	88,111	+56.2%

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:

	2021	2020
Number of own shares at January 1, 2021	928,207	400,180
Acquisition of own shares on the market	-	544,307
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 December 31, 2021	925,140	928,207
Outstanding warrants at December 31, 2021	456,432	325,832

In 2021, the company did not repurchase own shares on the stock market (the share buyback program ended in 2020). 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. The expense related to this profit-sharing plan amounts to EUR 0.06 million and has been recorded under the caption "Profit-sharing plan and warrants". As a consequence, at the end of 2021, the company owned 925,140 own shares at an average historical price of EUR 19.21.

At the same date, 456,432 warrants were outstanding (158,600 new warrants granted, no exercise and 28,000 cancellations in 2021) with an average strike price of EUR 19.89 and an average maturity of November 2025.

NOTE 5.5: DIVIDENDS

The Ordinary General Meeting of shareholders of May 18th, 2021 approved the payment of a total gross dividend of EUR 0.50 per share for the year 2020.

An interim dividend of EUR 0.50 was awarded in November 2021. For 2021 a full year dividend at EUR 1,00 will be proposed to the Ordinary General Meeting of shareholders.

Next to this 2021 dividend, EVS would like to honor its past dividend promises intentions (an intent to distribute EUR 1,00 per share per annum for the period 2018-2021). After difficult market conditions in 2020, linked to the pandemic, EVS would like to grant an additional exceptional gross dividend of EUR 0,50 in May 2022. This will bring the total additional dividend to be paid in May 2022 to EUR 1,00. The proposal will be presented to the Ordinary General Meeting of shareholders as to ensure a full year 2021 dividend of EUR 1.50.

(EUR thousands, gross amount)	Coupon #	Declaration date	2021	2020
Paid during the year :				
- Final dividend for 2020 (EUR 0.50 per share excl. treasury shares)	30	Mai 2021	6,699	-
- Interim dividend for 2021 (EUR 0.50 per share excl. treasury shares)	31	Nov. 2021	6,701	-
Total paid dividends			13,400	-

(EUR thousands)	2021	2020
Proposed for approval at the OGM :		
- Total dividend for 2020 (EUR 0.50 per share incl. interim dividend)	-	6,699
- Proposed dividend for 2021 (EUR 1,50) per share incl. interim dividend	20,103	-
Total	20,103	6,699

NOTE 5.6: OTHER INCOME

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. At the acquisition date, the transaction qualified as a business acquisition treated in accordance with IFRS 3 *Business acquisition* (please refer to note 10.2 of the annual report of 2020).

The contract contained 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 amounted to EUR 1 million at acquisition date and by the end of 2020. During 2021, no fair value change related to contingent consideration was recorded.

Axon did not realize the target gross margin, as such, EVS reversed the contingent consideration initially recognized at acquisition date. The amount of EUR 1 million was recognized in other income.

NOTE 5.7: FINANCIAL REVENUES / (COSTS)

(EUR thousands)	FY21	FY20
Interest income on deposit	51	57
Interest charges	-893	-833
Exchange result	1,117	-957
Other financial results	137	96
Net Financial revenues / (costs)	412	-1,636

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 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.

The net exchange result is mainly explained by the appreciation of the USD and GBP exchange rates comparing EUR. For more information on exchange rates, see also the note 5.10.

NOTE 5.8: INCOME TAX EXPENSE

During 2021, income tax expense increased due to the increase of current income tax expense mainly explained by the raise of the profit before tax of the period for all components together with the decrease of deferred tax income essentially triggered by the consumption of reported tax losses.

(EUR thousands)	FY21	FY20
Current tax (expense) / income	-1,245	2,047
Deferred tax (expense) / income	-1,552	786
Total	-2,797	2,833

NOTE 5.9: HEADCOUNT

As of May 1st, 2020, EVS has integrated about 80 team members following the Axon acquisition explaining the delta between 2021 and 2020 in term of "twelve-month average".

(in full time equivalents)	At December 31	Twelve-months average
2021	551	547
2020	550	514
<i>Variation</i>	<i>+0.2%</i>	<i>+6.4%</i>

NOTE 5.10: EXCHANGE RATES

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

Exchange rate USD / EUR	Average FY	Average 2H	At December 31
2021	1.1830	1.1614	1.1326
2020	1.1422	1.1808	1.2271
<i>Variation</i>	<i>3.57%</i>	<i>-1.64%</i>	<i>-7.70%</i>

Exchange rate GBP / EUR	Average FY	Average 2H	At December 31
2021	0.8599	0.8516	0.8403
2020	0.8897	0.9042	0.8990
<i>Variation</i>	<i>-3.35%</i>	<i>-5.82%</i>	<i>-6.53%</i>

NOTE 5.11: 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 in-flows

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, 2021, the Group has no hedging contract in place. The fair value variation of these financial instruments during 2021 amounted EUR 0.2 million recognized as a financial expense.

NOTE 5.12: FINANCIAL DEBT

On June 16th, 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 29th, 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 5.13: Lands and buildings and other tangible assets

The increase of lands and buildings during 2021 is mainly explained the investments of the year in office refurbishment work of EUR 0.3 million together with investment in progress of EUR 0.3 million and new lease contracts (and existing lease contracts reassessment) of EUR 4.2 million net of the depreciation of the year of EUR 3.8 million.

The decrease of other tangible assets is mainly explained by the investments in office and IT equipment of the year of EUR 0.7 million and new lease contracts (and existing lease contracts reassessment) of EUR 0.7 million net of the depreciation of the year of EUR 2.2 million.

Note 5.14: Pension plans

Changes booked in 2021 in the Belgian defined obligation and fair value of plan assets were as follow:

In thousands of EUR	2021			2020		
	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, 2021	8,670	-7,686	984	7,218	-6,535	683
Service cost	1,398	0	1,398	1,078	0	1,078
Administrative costs		18	18		22	22
Net interest expenses	41	-38	3	75	-73	2
Other	-	-	-	-	-	-
Sub-total included in profit or loss	1,439	-20	1,419	1,153	-52	1,102
Benefits paid	-141	141	0	-167	167	0
Return on plan assets	-	-106	-106	-	-288	-288
Actuarial changes (assumptions) of which:						
<i>Arising from changes in demographic assumptions</i>	-	-	0	-	-	0
<i>Arising from changes in financial assumptions</i>	-1,172		-1,172	784	-	784
<i>Arising from experience adjustments</i>	1,791	-69	1,722	-318	-	-318
Sub-total included in OCI	619	-69	550	466	-288	178
Contributions by employer	-	-1,128	-1,128	-	-978	-978
As of December 31, 2021	10,587	-8,762	1,825	8,670	-7,686	984

The increase of the net defined benefit obligation is mainly explained by; the increase of the service cost triggered by the increase of the employer contributions (from 1.97% to 2.29% in 2021) for some plans, recognized in the income statement; together with the impact of the changes in financial assumptions (basically the increase of the discount rate) and the changes arising from experience (basically the increase of the salaries) both recognized in the comprehensive income statement.

NOTE 5.16 SUBSEQUENT EVENTS

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

NOTE 5.17: RISK AND UNCERTAINTIES

Investing in the stock of EVS involves risks and uncertainties. The risks and uncertainties relating to the current year 2022 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
Veerle De Wit, 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 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.