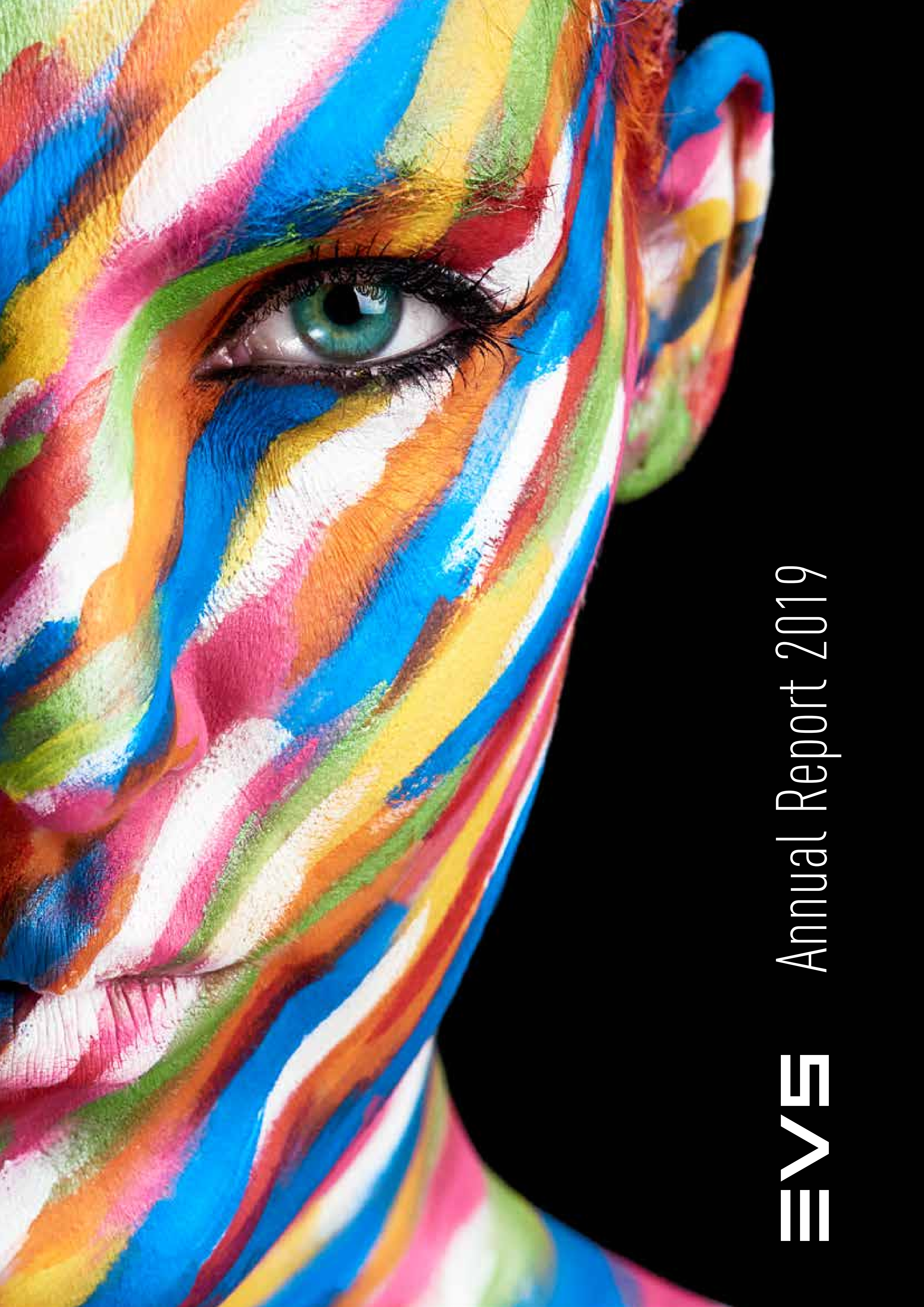


Annual Report 2019

We are EVS

EVS is a Belgian company, headquartered in Liège, with over **450 team members** working in **20-plus offices** and **development centers** all over the world.

Founded in **1994**, the company revolutionized live sports broadcasting thanks to its innovative Live Slow Motion system, which has become the standard replay technology for all broadcast sporting events across the globe. EVS is today a **key player** in the industry, boasting a wide range of solutions that cover the entire live production cycle.

Through its **unique expertise** in live production technology, innovation capabilities and **unmatched level** of customer support, EVS helps its customers maximize the value of their media content and create the most engaging viewing experiences.

Who are we?

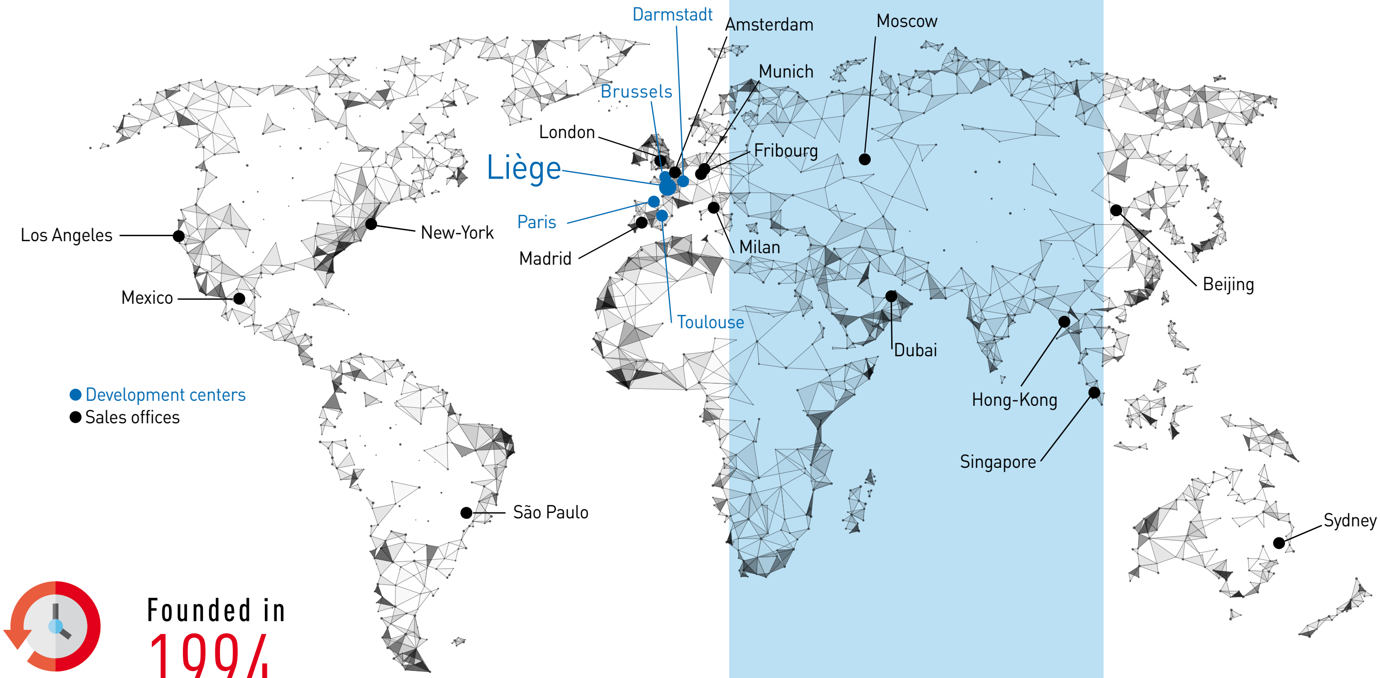
Leading provider of live video technology for broadcast and new media productions

What do we deliver?

Innovative solutions for live replays and highlights, asset management, live switching, live production infrastructure, video assistance and professional services

Who are our customers?

Broadcast networks, production facility providers, sports federations, leagues and clubs as well as event organizers



Founded in
1994

HQ in **Liège**,
Belgium

International
footprint

464
full time team members

35
nationalities

50%
R&D

€103.4m
Revenue in 2019

€19.6m
Net profit in 2019

Publicly
traded since **1998**

2.3%
Dividend YIELD in 2019

22.3%
EBIT margin in 2019

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Playing forward

2019 was a pivotal moment in EVS' history. The company reached its 25th year in business—a unique opportunity to reflect on past accomplishments and prepare for future endeavors. EVS' new CEO, Serge Van Herck, who joined in September 2019, discusses the company's strengths, the challenges that lie ahead, and how EVS intends to build upon its achievements to keep growing and moving forward in the years to come.

What were some of EVS' greatest achievements in 2019?

For any company, reaching a 25-year anniversary milestone is an achievement in itself. Yet for over two decades, EVS has strengthened its leading position in the industry, with great promise for the future. This first chapter ended on a good note, since 2019 was a year that saw our technology being used extensively not only in major sports competitions, but also in live news, entertainment shows, and esports productions.

Our new generation of XT-VIA live production servers performed exceptionally well for their first full year of availability, with a high acceptance rate among our customers, and the announcement of some exciting deals throughout the year. 2020 also kicked off nicely, as we had an entire fleet of XT-VIA servers deployed for what was one of the biggest and most spectacular live productions in the world, the Super Bowl LIV in Miami.

Alongside our servers, other products and solutions took center stage last year. Our award-winning Overcam autonomous camera system, and X-One unified live production system, are paving the way for more efficient and cost-effective production processes. Our Dyvi software-defined switcher has continued to gain in popularity thanks to its flexibility and the creative freedom it provides, while our Xeebra VAR system was certified by FIFA for its innovative AI-based offside line calibration technology.

How confident did you feel taking the reins and leading the company into 2020?

EVS has built solid foundations for its future. We are blessed to have a team of competent and ambitious colleagues, an impressive and loyal customer base, and a healthy balance sheet. Despite tough market conditions and a lower number of international championships in 2019 compared to even-numbered years, EVS was able to maintain a good and profitable revenue stream. All those elements give me the confidence we will get back into long-term growth mode.

As the new CEO, I know it is essential to further strengthen the trust customers, shareholders and business partners have in EVS. This is a challenge that I couldn't achieve on my own. Therefore, I'm very grateful for the support I received from all my EVS colleagues around the world, from all EVS Board members, and from Pierre de Muelenaere, Chairman of the Board and CEO ad-interim until December 31, 2019.

What are the challenges that EVS' customers face and how can EVS contribute?

Our customers are working in an increasingly complex environment. First, there are the technology developments that are bringing considerable changes to their production workflows. IP, remote production, cloud technologies, social media, virtualization, content security and artificial intelligence are just some of the key trends in the industry that are transforming the way our customers are producing live content. Then we have the market developments. Big players are entering the broadcast industry, putting pressure on the advertising revenues of many of our customers and forcing them to reinvent their business models. As a trusted transformation partner, our goal is to help our customers address these challenges and accompany them in this process. With the continued development of our VIA platform of microservices, we are aiming to facilitate the production and management of their live content in the years to come. Alongside our standalone products, we are providing more flexible offerings comprising workflow-driven standard solutions.

> "IT'S THROUGH THIS SOLID CUSTOMER-ORIENTED FOCUS AND UNMATCHED LEVEL OF SUPPORT THAT EVS HAS BEEN ABLE TO CREATE AND MAINTAIN ITS LEADING POSITION OVER THE PAST 25 YEARS. AND THAT'S EXACTLY HOW WE PLAN TO SUCCEED IN THE FUTURE."
>
> **SERGE VAN HERCK**

SERGE VAN HERCK – CEO

A new captain on board

Serge Van Herck brings more than 25 years of industry knowledge and extensive CEO and board experience to the position. Before joining EVS, Serge worked in various market-leading companies such as Newtec, Accenture and Belgacom (now Proximus), playing key roles in the strategic planning and growth of their business. At Newtec, Serge served as CEO, president and shareholder for over 10 years, successfully transforming the company from a regional niche player into a widely recognized industry leader, setting standards and providing complex satellite network solutions across the globe. Serge is also an avid pilot and sailor—so it's no wonder his motto is "Begin with the end in mind"!

This approach simplifies the technical work for our customers and will allow them to further improve the quality and volume of their productions while keeping costs under control.

What is EVS' mission and strategic vision?

Our mission at EVS is to create return on emotion. This means we empower our customers to produce their live content in the most inspiring, reliable and efficient way time after time.
As for our company vision, we are convinced that we must further help our customers overcome the current technological challenges by providing them with the right answers and solutions. Both our mission and our vision are supported by EVS' core values, which are clearly embedded in our company culture in all of our 22 offices worldwide, so I have no doubt we'll manage to reach our goals.

What are the main strengths of EVS?

The reputation and relationship we have with our customers is what truly sets us apart. The quality of our products and customer service is legendary in our industry. We have competent and passionate team members who strive every day to bring the most reliable solutions to our customers and make their live productions happen even in highly stressful conditions. How do they do it? They listen actively and attentively, and they understand and solve problems. It's through this solid customer-oriented focus and unmatched level of support that EVS has been able to create and maintain its leading position over the past 25 years. And that's exactly how we plan to succeed in the future.

Over the years, we've become the trusted partner for broadcasters, live production facilities, sport leagues and federations, who all rely on our technology to produce their most valuable live content. This puts us in a unique position to further extend our product and service offering, which will eventually also lead into an increasing customer base.

What do you expect from 2020 and beyond?

We are planning to extend our live tools and solutions, which will reinforce our VIA live production ecosystem, creating more agile, efficient, automated, lean and open workflow-driven solutions for our customers. Our R&D department has recently completed a major multi-year transformation program based on agile methodology, which will help us accelerate innovation and ensure we remain ahead of the curve. And of course, behind every great product is a great team, so I want to make sure we're doing our best to improve our team member engagement and satisfaction through a proactive and inclusive approach. The evolving landscape of the broadcast world presents significant changes and opportunities for EVS. To make sure we leverage our 25 years of industry experience and seize those opportunities, we launched a company-wide initiative called 'PLAYForward' in October last year. With over 35 EVS colleagues from all over the world, we have been brainstorming on our strengths and weaknesses, industry trends, and our own long-term ambitions. Together, we have painted a compelling picture for our future–and now we're ready to 'play forward'.

2019 highlights

#1

A new leadership team

With a new leadership team, comprised of (from left to right on the photo) Pierre Matelart (Head of HR), Yvan Absil (CFO), Serge Van Herck (CEO), Quentin Grutman (CCO), Axel Blanckaert (CTO) and Nicolas Bourdon (CMO), EVS aims to bring key departments closer together, to address key issues more effectively and speed up the decision cycle.

#2

Host broadcaster turns to EVS technology for major 2020 multi-sports event in Asia

EVS was selected to deploy its latest live production solutions for one of the biggest sporting events of 2020. This multi-disciplinary event will take place in Asia and will see EVS technology deployed throughout venues and at the main IBC, enabling the production crews to create, manage and distribute compelling content to millions of viewers worldwide. The workflow will integrate EVS' XT-VIA production servers, Media Hub centralized video content distribution platform, VIA Flow, a central workflow engine and more, with some components being 'cloud hosted'.

"OUR SOLUTIONS ENABLE THE QUICK CREATION AND DISTRIBUTION OF CONTENT THAT ENCAPSULATES THE DRAMA AND ELATION EXPERIENCED DURING SUCH HIGH-PROFILE LIVE EVENTS."

XAVIER DE VYNCK,
SVP Major Events & Business Development, EVS

#3

Mobile TV Group powers the industry's first IP-based truck with EVS technology

Mobile TV Group relied on EVS technology to power its 45 Flex truck, described as the industry's first end-to-end SMPTE 2110 IP-based mobile production unit. The leading live production facilities provider equipped the unit with four XT-VIA and one XS-VIA live production servers to replay, edit and produce all content on 45 Flex. It chose EVS' XT-VIA to increase its 1080p and UHD-4K operations, provide trusted IP connectivity of open standards like SMPTE 2110, PTP and NMOS, and empower the new networking flexibility that XNet-VIA brings.

#4

TVN equips its innovative OB concept, the TVN- Ü6, with future-ready XT-VIA servers

The German mobile television services specialist, TVN Mobile Production, upgraded its XT3 live production server fleet to EVS' next-generation XT-VIA servers. They were used for the live productions of Bundesliga and Bundesliga 2 football games for DFL host broadcaster Sportcast, as well as the UEFA Champions League, Europa League and European Qualifiers. TVN also invested in EVS' XNet-VIA live IP network, extending the capabilities of the XT-VIA servers by creating a faster sharing environment.

"AS A LEADER IN MOBILE TELEVISION SERVICES, WE ARE CONTINUALLY LOOKING TO SET NEW LIVE PRODUCTION STANDARDS. BY SWITCHING TO EVS' VIA PLATFORM, WE ARE NOW PREPARED FOR ITS FUTURE INNOVATIONS AND TO TAKE ON INCREASINGLY CHALLENGING WORKFLOWS. WE CAN NOW WORK ACROSS THE LATEST FORMATS WITH THE INDUSTRY-STANDARD EVS TOOLS, KNOWING WE HAVE THE SPEED, RELIABILITY AND PROVEN PERFORMANCE NEEDED FOR SUCH HIGH-PROFILE PRODUCTIONS."

MARKUS OSTHAUS
Managing Director of TVN Mobile Production

#5

TF1 relies on Dyvi to create innovative workflows for sport events transmissions

TF1, the leading French television channel and major European broadcaster, has started using EVS' Dyvi software-defined switcher for the production of live sports events. The switcher was deployed for more than half of the matches during the Rugby World Cup in Japan last year, as well as the European Men's Handball Championship last January and the 2022 FIFA World Cup qualification draw. While the channel will continue to use Dyvi for live sports, it is also exploring potential uses for other programs, such as news production.

"DYVI IS VERY DIFFERENT FROM CONVENTIONAL SWITCHERS. IT OFFERS ADVANCED TOOLS AND EFFECTS THAT ARE MUCH APPRECIATED BY OUR PRODUCTION TEAM AND GIVES US INSIGHTS INTO THE FUTURE OF TELEVISION."

JEAN PASCAL LEFORT
Deputy Director News Factory, TF1

#6

NEP invests $8m to upgrade its US facilities with XT-VIA fleet of servers

NEP, EVS' longstanding customer, invested over $8m to deploy an entire fleet of XT-VIA servers as part of a major upgrade and upscale of its production facilities in the US. The servers offer more capacity and greater flexibility to produce content in multiple formats including Full HD 1080p, UHD-4K and HDR, as well as offering the latest generation of IP connectivity, enhanced channel density and media sharing network capacity. These unique capabilities enable the renowned international production company to meet all present and future requirements of its premium live event productions.

#7

EVS' virtual offside line technology gets coveted FIFA certification

EVS' AI-driven offside line technology successfully completed the FIFA Quality Programme for Virtual Offside Lines (VOL). This certification confirms that the technology meets a certain set of standards and can deal with the many challenges that come with determining an offside line with precision. And since the technology is fully integrated with EVS' multi-camera review system Xeebra, it also means that EVS can apply for future tenders from FIFA, as well as from other leagues and federations that include the offside line with VAR.

#8

AI-driven Overcam system wins prestigious industry awards

In September 2019, EVS launched Overcam, a system that uses artificial intelligence to enable the autonomous control of robotic cameras in live sports environments. Widely recognized by the industry for being a highly innovative and much-needed solution, Overcam has won several awards including IABM's prestigious Peter Wayne Golden BaM Award and the IBC BaM award.

"WITH THE EXPLOSION OF LIVE SPORTS COVERAGE AND THE NEED TO REDUCE COSTS WITH REMOTE PRODUCTION TECHNIQUES, OVERCAM IS A VERY PROMISING SOLUTION FOR BUDGET-CONSCIOUS LIVE SPORTS PRODUCERS."

IABM JUDGES

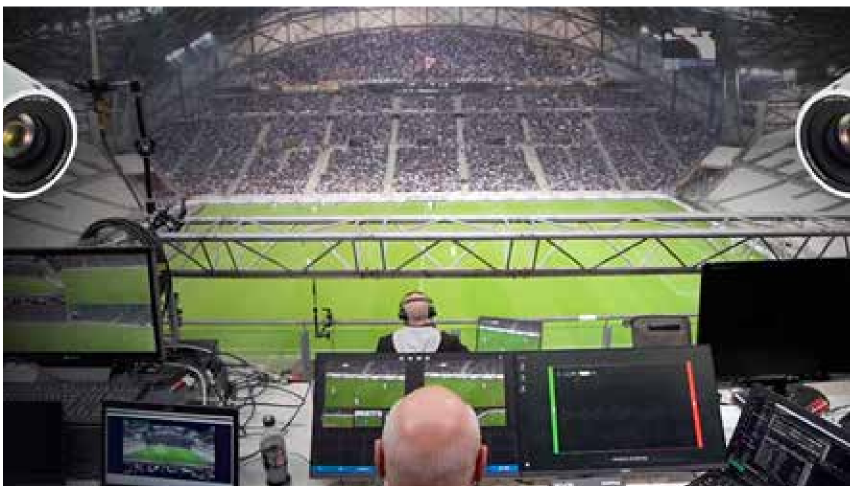
#9

Eurovision Services delivers remote production of the UEFA European Under-19 Championship with EVS' X-One

For the host broadcasting of the 2019 UEFA European Under-19 Championship, Eurovision Services (part of the European Broadcasting Union) set up a remote production infrastructure in a bid to produce more content at lower cost. At the heart of the workflow was EVS' X-One unified live production system, allowing all the live programming to be managed and controlled from its set of intuitive touch screens installed in Madrid. Just two operators were needed throughout the entire tournament, to do the live switching, replays and highlights creation, audio control, graphics creation and content playback. The live feeds were transmitted by satellite between the venues (in Armenia and Scotland) and the servers, which were located at Eurovision's premises in Switzerland.

"WE WERE EQUALLY IMPRESSED BY X-ONE'S SIMPLE AND CLEAN INTERFACE AS WE WERE WITH THE LEVEL OF SUPPORT WE RECEIVED FROM THE EVS TEAM FOR THE ROLL-OUT OF THIS AMBITIOUS REMOTE PRODUCTION CONCEPT."

FRANCK REYNAUD
Head of Host Broadcast and Production, Eurovision Services



Chain reaction within the broadcast industry: how EVS is responding

The broadcast industry is evolving

New audience behavior

Audiences are consuming more and more content in a non-linear way, accessing media from multiple devices, sometimes at the same time. Pay-TV household penetration is decreasing in the bigger markets, even though it is slightly increasing overall. Some linear TV advertising budgets are being progressively reallocated to connected TVs (such as Smart TVs and PlayStation). Broadcasters have to adapt and meet new viewers expectations offering more compelling and relevant content faster in order to maintain their revenues.

New entrants attracting eyeballs

Facebook, Amazon, Apple, Netflix and Google (FAANG) and their equivalents in China (Tencent and Alibaba) are developing media offerings, most often non-linear, leveraging changes in audience behavior. These new entrants pose a threat to the traditional broadcast industry, distracting subscribers' eyeballs and the associated revenues.

New sources capturing high-quality videos

Capturing high-quality video has never been so affordable. Various small, robust and high-quality cameras are now embedded within phones, drones, helmets or pitchside pylons to create amazing images from new point of views.

New broadcast-ready technologies

Adoption of new technologies by the broadcast industry has been delayed due to very high processing, bandwidth and latency constraints. Today, telecom bandwidth and latencies are improving thanks to fiber deployment, and coverage is set to improve further thanks to 5G. A new standard IP protocol (SMPTE2110) has been defined and accepted by the broadcast & media industry. Stronger CPUs and GPUs now host some of the functions previously run on FPGAs, offering the elasticity of virtualization on near-COTS or cloud environments. Increased processing power, combined with new AI algorithms, enables a new level of automation.

New monetization opportunities for less popular sport events

Changes in audience behavior, coupled with technical breakthroughs, are creating viable business cases for new niche events to be distributed on TV—feeding the program grid—or online through OTT platforms.

Broadcasters have to adapt and meet new viewers expectations offering more compelling and relevant content faster in order to maintain their revenues

EVS customers are adopting new strategies

In response to broadcast industry developments and challenges, EVS customers are transforming to adopt new strategies.

Distributing more content

Broadcasters are acquiring or producing more content for linear and non-linear consumption. The main broadcasters are creating OTT digital content offerings, engaging new kinds of relationships with their audience. The number of US TV series produced increased by 40% between 2013 and 2018. The number of sports covered on TV or online is increasing steadily, with production costs at a fraction of major-event media rights costs. For example, RTBF (Belgium) exclusively distributes mountain-biking and esports events on its successful Auvio platform.

More formats on more platforms

The same raw content now has to be adapted (aspect ratio, graphics, storytelling, interactivity, ad-insertion strategy) to cope with multiple viewing devices (from mobile to large TV set) and multiple platforms (social networks, own apps and more). It is not uncommon to see popular content formatted in 50 or more different variants for distribution on different platforms.

Produce with less and scalable resources

Doing more with less resources is the current challenge for everyone. EVS customers are challenged on their CAPEX and OPEX costs. In the US, 2019 media industry layoffs were 50% higher than cumulative layoffs between 2014 and 2017. Customers are seeking to dimension their system for average production capacity (mostly in CAPEX), managing peaks with temporary resources or licenses.

Managing/outsourcing complexity

Understanding audiences and leveraging new technologies significantly increases complexity. EVS customers are standardizing their blueprint and practices (e.g. NEP) to simplify their operations and automate some parts of the production process. Broadcasters are also relying on expertise from vendors and/or consultants, or in some cases simply outsourcing the entire production process.

Consolidating with partners & competitors

Consolidation is ongoing on both sides: audience engagement and services. Media groups continued to merge in 2019 (e.g. Disney & 21st Century Fox, Comcast & Sky, CBS & Viacom). Service providers such as NEP, MediaPro, CNN, Turner Sports, ATT and Gravity are continuing to grow, vertically integrating technologies or gaining market share by acquiring competitors.

FOR ALL MY PROJECTS SINCE THE VERY EARLY DAYS IN 1998 I HAVE BEEN ABLE TO RELY ON SUPPORT FROM THE EVS TEAM. I HAVE ALWAYS APPRECIATED THE WILLINGNESS AND EAGERNESS FROM EVS TO PROVIDE BETTER TECHNICAL SOLUTIONS AND TO FURTHER IMPROVE OPERATIONAL WORKFLOWS WHILE UNDERSTANDING AND RESPECTING THE CUSTOMER'S NEEDS.

JORG SANDER
Member of EVS Advisory Board
and Senior Advisor to hbs

EVS customers are transforming their requirements

EVS customers are adapting requirements towards vendors to their new strategies.

Easier operations, including automation

EVS customers are focusing on lean operations with centralized configuration and monitoring. They are also keen to deploy workflow engines to script and automate the most cumbersome tasks. AI contributions are expected to assist the user or fully automate tasks as diverse as camera operation, camera selection, metadata enhancement and image formatting.

More agility & infrastructure convergence

IP networks combined with Software-defined systems are seen by customers as key enablers of more flexibility and scalability in their future infrastructure. On top of that broadcasters and media companies are looking for better ways to manage and control their resources (people and media) in future production environment.

More remote production solutions

Thanks to broader, faster and more pervasive fiber networks, different models of remote production have been field-proven, reducing overall OPEX in some well-connected regions. Products must adapt to various deployment models, latencies and bandwidths, to provide a transparent and reliable user experience for the operators, wherever they work.

Lower-cost solutions

EVS customers want to lower their total cost of ownership (TCO), maximizing resource usage, lowering staff, reducing skills and partially automating production. They can sometimes compromise on production quality, reducing the number of cameras or increasing the level of video compression. They also sometimes make use of open-source components in their setup to reduce their CAPEX.

More services from trusted partners

EVS customers are requiring more services (solution design, workflow optimization, integration or managing security) to manage complexity. New solutions and technologies require the availability of new cutting-edge skills (Video-over-IP, Audio-over-IP, IT & security) that are not necessarily available internally.

AI contributions are expected to assist the user or fully automate tasks

IT WAS GREAT TO DO THE BIGGEST-EVER REMOTE PRODUCTION IN TV TOGETHER WITH EVS. WE ACHIEVED THE MOST ENVIRONMENTALLY FRIENDLY HOST PRODUCTION FOR ALPINE AND BIATHLON WORLD CHAMPIONSHIPS IN HISTORY.

ADDE GRANBERG
CTO at SVT

EVS is evolving to cope with industry transformation

Based on these new requirements, EVS is progressively extending and enriching its offerings to support customers on their transformation journey.

Standard solutions, custom workflows

In recent years, EVS has developed the VIA open platform to support renovation and extension of its solution portfolio. A significant set of components—SW-based where appropriate—are assembled to build specific solutions for different verticals. Components have been designed to isolate the core functions from the APIs (at back-end and front-end level) thanks to a micro-service architecture. Moreover, VIA Flow orchestrates end-to-end workflows, from ingest to playout and publishing. Thanks to this open approach, EVS now offers standard solutions with unequalled workflow customization capabilities activated by an ecosystem of partners (integrators, app developers, customer dev teams, and more).

More software components

When appropriate, products have been developed as a set of software components offering APIs at front-end and back-end level. The VIA platform has been designed as containers that can be deployed within data centers, in the cloud or—even better—in hybrid environments, implementing full scalability and redundancy.

More services to support our customers

EVS has always been appreciated for the quality of support it provides, especially by customers facing the constraints of live content production. EVS is constantly strengthening its services, with a new SLA and more companion services—from solution design to troubleshooting of the whole environment.

Evs is now supporting more flexible business models

Thanks to the SW, Evs is now supporting more flexible business models. Most products and solutions are now offered under both GO (CAPEX) and FLEX (yearly subscription) models. Pricing models are gradually becoming more granular both in terms of features and sizing, allowing EVS to address smaller customers with more affordable solutions as well as offering more flexibility to our large clients that need to absorb peaks.

New generations of solutions based on the VIA platform

New EVS solutions are optimized for lean production, relying on automation and an optimized user interface, and supporting an OPEX reduction on the customer side. Customized workflows—jointly designed with the customer to fit production constraints—are deployed on standard solutions, optimized for an elastic convergent environment, maximizing reusability of the resources for different kinds of productions, and potentially deployed in a distributed environment (combining venue, data center and cloud), all while offering the same convenience to operators.

EVS HAS ALWAYS FOCUSED ON PROVIDING TOOLS FOR ENHANCING LIVE PRODUCTIONS WHILE HIDING TECHNOLOGY IN THE BACKGROUND, THEREBY FREEING PRODUCERS AND OPERATORS TO CONCENTRATE ON THE STORIES BEHIND THE IMAGES. IT IS REMARKABLE FOR A TECHNOLOGY COMPANY TO SURVIVE FOR 25 YEARS, AND EXCEPTIONALLY RARE TO REMAIN AT THE TOP OF THEIR INDUSTRY THROUGHOUT. EVS IS A UNICORN !

TOM SAHARA
Member of EVS Advisory Board and Media Technologist at Tom Sahara LLC

EVS products, solutions & services tuned for 3 vertical markets

Three EVS solutions ...

EVS' solutions are based on products (HW and SW), services, and selected third party applications and tools, that make our outstanding value propositions, ultimately fitting the needs of our customers. All new EVS solutions are developed on the VIA platform – an open micro-service architecture implemented as a set of containers.

EVS Solutions are articulated around 3 main groups:

Replays & highlights

EVS offers various tools for operators to produce replays and highlights. Combining the legendary LSM remote controller, LSM connect tablet and frame accurate mutliviewer, EVS offers to LSM operators a comfortable cockpit to produce the best replays and highlights, creating return on emotion. Replay solutions also cover the needs for referees and other sports professional instances thanks to the Xeebra VAR system and the AI calibrated FIFA certified Virtual Offside line.

Asset management

Thanks to our 20+ years of experience working on major sports events, in key newsrooms and large entertainment productions, EVS offers convergent asset management solutions for sport, news and entertainment, that integrate near-live content production and archives.

Live production systems

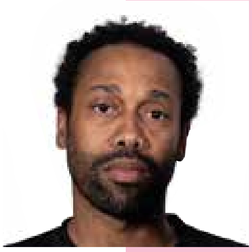
With Dyvi as a SW-driven system, EVS reinvents video mixing, extending creative capabilities while providing an efficiency-focused panel loved by new generations of technical directors. Our X-One unified live production system is now the reference in terms of simplified user interface for lean productions. And with our award-winning Overcam system, EVS leverages AI to automate the capture of images from specific camera positions for more efficient live productions at reduced costs.

... And services ...

EVS is increasing the scope of its services. Since 2019, EVS has been offering its clients a remodeled SLA program which namely offers more proactive actions. Additional services are also offered to support our customers in their transformation.

25+
years of
experience

ALL NEW EVS SOLUTIONS ARE FOUNDED ON THE VIA PLATFORM - AN OPEN MICRO-SERVICE ARCHITECTURE IMPLEMENTED AS A SET OF CONTAINERS.



EVS PUSHES MY CREATIVITY AND GIVES ME THE ASSURANCE MY JOB IS ALWAYS DONE WELL

BRADY JONES
LSM Ambassador

... Tuned for three verticals

Different variants of these solutions and services exist for different verticals: Broadcast & Media Networks, Facilities & Service Providers, and Sports and Other Organizations.

Broadcast & media networks

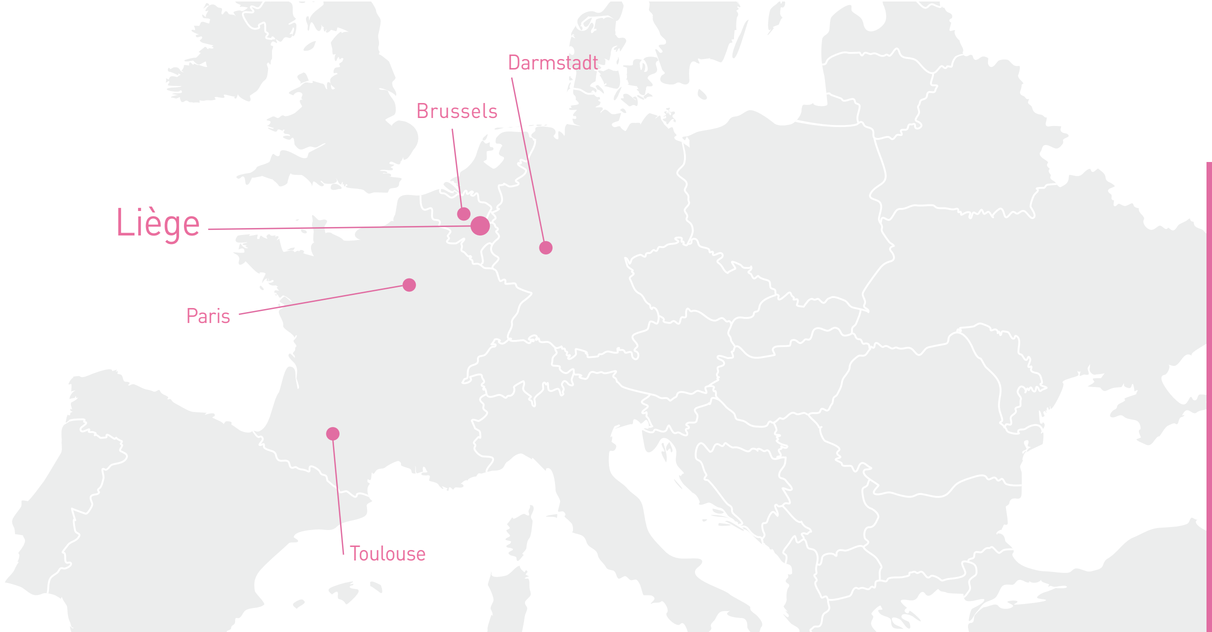
The needs in terms of asset management are different from one customer to the other. Broadcasters producing sports, news and entertainment require different asset management solutions than sports federations managing and monetizing archives. EVS therefore offers different solutions – albeit based on the same platform – tailored to their specific needs.

Facilities & service providers

EVS offers PMZ as specific short chassis HW supporting virtualisation of EVS SW tools within OBVans. PMZ comes with Connected Agent supporting connectivity with broadcast center and/or cloud to enable collaborative workflows and remote highlights.

Sports and other organizations

VAR (Video Assistant Referee) is a typical example of a replay & highlight solution adapted for sports organizations.



DEVELOPMENT CENTERS

Customer satisfaction

Working with customers who broadcast 24 hours a day like Fox Sports Australia, when they have an issue they try to deal with it themselves. What they enjoy most about EVS is the fact that they can call someone and discuss the issue. These discussions can happen at all times of the day, some of them general discussions around best options, others around serious outages and planning. Having someone to talk to can be the extra comfort they need to be sure they are taking the right steps.

DYLAN CAMERON
Operations Manager Australia
EVS AUSTRALIA

The EVS team is always present at events, small or large, to help and support our customers, listen to their feedback and suggest the best workflow based on our experience. Moreover, the reliability of our servers and the flexibility of the software have long been recognized by our customers as key factors for a smooth and successful live production.

YVES CHENG
VP Operations APAC
EVS HONG KONG

The strength of support at EVS is that we know our customers. We try to assign the same person as soon as possible so that the customer is recognized and helped in the best possible way. It's not just a number.

Our strength is that we are in the field on a regular basis, which means we know exactly what situations our customers may encounter and we can offer them solutions quickly.

JEAN DELBROUCK
Senior Customer Support Engineer
& Product Coordinator
EVS BELGIUM

We believe that our customers are more than just customers; they're partners who we invest in and who invest in us. We know that EVS is what it is today because of their successes, and that drives everything we do for them. This means always being available to support them, speak with them and celebrate their victories with them. If there's anything they need, they don't hesitate to call and we'll be there to do everything we can to help. Having been a customer before, I can say there's a confidence in EVS that we will be there for them.

JUSTIN HUI
Presales Engineer
EVS USA – WEST COAST

We have some of the most demanding customers out there. Yet they readily put their trust in EVS to help deliver engaging content to their viewers. That's all down to EVS producing products that are known to be fast, reliable and easy to use. Those attributes are highly regarded, and with greater emphasis on customer needs, it really adds value to the engagement I do with the customers. To me, that is the essence of customer intimacy.

ARIFFIN BIN ABDULLAH
Area Sales
Manager, APAC
EVS SINGAPORE

EVS is recognized worldwide for its culture of innovation. We're known for producing sophisticated, powerful, robust products that improve the day-to-day lives of our customers. Our investment in people helps to deliver successful projects, which gives our customers confidence that they are dealing with a professional organization.

I maintain a strong relationship with customers and do a daily follow-up with issues they have and concerns they raise. I listen to them to make sure they're satisfied. That's our priority.

Of course, it's very important to be close to customers so that you understand clearly what they value and what drives and motivates them, so we can keep them loyal to us.

All the best EVS, and from one success to another.

EMAN KHARBOUTLY
Technical Support Engineer
EVS DUBAI

I do everything I can to engage with the customer via constant communication through different channels to ensure that the customer feels that they are being fully attended to—from the beginning of their EVS journey until the very end. My goal is to make the EVS experience as painless as possible for the client in order to continue to develop our great reputation for customer satisfaction and to keep pushing the boundaries to become the best that we can be.

ALICJA MARMUROWSKI
Technical Support Supervisor
EVS USA – EAST COAST

Customer intimacy is a real state of mind at EVS. From simply answering questions, to being on-site helping to set up events, the whole support organization is dedicated to providing the best solutions that match what our customers need.

PHILIPPE RADELET
Support Engineer Tier 3
EVS BELGIUM

Customers appreciate our responsive and practice approach. We try to not just have a standard customer-supplier relationship with them, but something more like a partnership.

JOHAN ENGELEN
Senior Project Manager
EVS BELGIUM

RTL BELGIUM

WE'RE EXCITED TO EMBARK ON THIS NEW JOURNEY WITH EVS, WHO WE TRUST TO HELP US CREATE A SUCCESSFUL NEW FUTURE FOR RTL BELGIUM. A FUTURE THAT IS BUILT ON RELIABILITY, INNOVATION AND COLLABORATION, THE THREE KEY DRIVERS OF THIS NEW ERA PROJECT.

FRÉDÉRIC BOCHART
Technical and IT Director at RTL Belgium

Creating flexible, open and scalable news production workflows for RTL Belgium

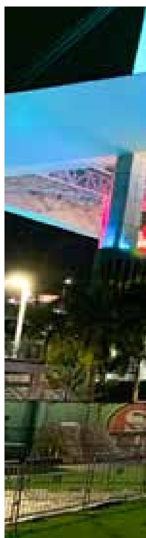
Evolving needs

An ambitious project RTL Belgium is one of EVS' longest standing customers and a key reference in the industry for its fast and efficient news operation workflows. The collaboration with the Belgian news production centre started in 2004, leading to a fully integrated tapeless production system based on EVS' Xedio modular application suite and Xedio CleanEdit on-the-fly timeline editor. The solution earned a prestigious IBC Innovation Award in 2007 and has continued to evolve ever since.

To better respond to changing market needs and build stronger foundations for the channel's future growth, RTL Belgium has once again turned to EVS to help it execute a complete overhaul of its existing infrastructure. The broadcaster is looking to build a new production infrastructure that supports remote production workflows and enables more collaborative production between RTL's news reporters in the field and journalists at the RTL House studio. It also wants to further unify its production processes and strengthen its integration capabilities with third parties.

The New ERA Project: new foundations for the future

This infrastructure redesign has been named "New ERA Project", referring to the close collaboration between the three main partners driving the project: EVS, RTL Belgium and Adobe. As an innovative company, RTL is keen to leverage EVS' most recent technology advances to help it reach its goals. RTL is aiming for a complete migration of its existing solution based on the Xedio system to a new infrastructure built on EVS' new VIA platform of micro-services and software-defined technology. The first significant milestone in this phased approach is the replacement of the file import and ingest solution with a new VIA Flow workflow using EVS' IPD-VIA Import and Ingest apps (part of the next-generation IPD-VIA Live PAM), along with the XS-NEO software-defined server. RTL will then proceed with the integration of the IPD-VIA Live PAM solution with Adobe for fast-turnaround newsroom editing. Ultimately, the New ERA Project will lead to a complete migration of the broadcaster's Xedio PAM solution to a full IPD-VIA Live PAM, which optimizes the management of news content from ingest to playout and better supports its future needs.



FOX Sports teams up with EVS for eye-catching HDR coverage of Super Bowl LIV

An ambitious project

On February 2, 2020, the 54th edition of the NFL World Championship—known as Super Bowl LIV—marked FOX Sports' ninth broadcast of the big game, which was delivered to an audience of millions live from the Hard Rock Stadium in Miami. For this edition, FOX Sports announced that the entire event would be broadcast in High Dynamic Range (HDR), a first in Super Bowl history. The game, the halftime show, and the pre- and post-game studio programming would all be natively produced in 1080p 60fps HDR. FOX Sports also deployed an unprecedented number of cameras on site, to make sure the audience wouldn't miss a single moment of the show. The number of cameras combined with the use of 1080p HDR meant greater visual storytelling, but it also meant higher bandwidth requirements and added complexity compared to previous seasons.

Power and innovation at the heart of the solution

FOX Sports partnered with facilities provider Game Creek for the pre-game, game and post-game programming. A total of 39 EVS servers were spread over multiple mobile production units, ingesting content from the 100+ cameras onsite and used to create replays and highlight packages. The live feeds included those from over 20 pylon cameras surrounding the end zones and around 20 super motion cameras capturing the HDR content at 3x, 6x or 8x the standard frame rates.

The actual game production was covered by 26 XT-VIA live production servers split between the FATS (Feed All Trucks Signals) room and the Game Creek Encore production unit. The studio and show productions were covered by a dozen additional EVS servers deployed in Game Creek's Cleatus and Bravo units. To provide the critical underlying connectivity, the XT-VIA servers were running on the XNet-VIA ethernet media sharing network and interconnected through three redundant XHub-VIA switches for highly secured operations. The flexible configurations and the increased processing power of the XT-VIA servers, combined with the IP-based XNet-VIA network, meant operators could trust they had the critical bandwidth and speed needed for the sharing of high-resolution content through a distributed broadcast network.

Also part of the workflow was EVS' IPDirector Live PAM software suite, accessible through 12 workstations, which allowed the production crew to control and manage all the HDR content from the game as well as the pre- and post-game shows available on the EVS platform. The broadcaster used the XStore shared storage system, optimized for bandwidth and offering a single point of access to all content, including archives and post-production edits created on Adobe Premier Pro. EVS' Xsquare orchestration software and XTAccess transfer engines were deployed to facilitate archive and restore processes between the live recorded content on the XNet-VIA network and post-production content.

FOX Sports also used EVS' AI super slow motion system, a proof of concept (POC) to help enrich the live production and strengthen the network's position as a forerunner in innovation. Leveraging the power of artificial intelligence, the system enabled the creation of super slow motion replays from the regular frame rate cameras embedded in the pylons. Operators were able to process any clip from the XT-VIA network to triple the number of frames. Pylon cam clips went from 60fps to 180fps, while super slow motion cameras went from 360fps to 1080fps.

A spectacular outcome

The Super Bowl LIV in Miami drew an impressive audience of over 102 million across FOX and FOX Deportes television networks as well as FOX, NFL and Verizon digital platforms, making it the fourth most-watched program in FOX history, and the 11th most-watched U.S. telecast ever. The live coverage of the big game represented more than 4,000 hours of recorded content, with 7,934 clips created throughout the network. And despite the higher bandwidth requirements of 1080p HDR, the overall number of servers needed for the production was significantly lower compared to previous years, thanks to the flexibility of the configurations and the increased channel density of the XT-VIA servers.

WITH THE MOVE TO 1080P HDR AND THE DEPLOYMENT OF THE LARGEST XNET-VIA SETUP TO DATE, THE SUPER BOWL CHALLENGE WAS EVEN GREATER FOR US THIS YEAR. THE SUPPORT WE RECEIVED FROM EVS BOTH DURING AND LEADING UP TO THE SHOW WAS TRULY APPRECIATED BY THE ENTIRE TEAM AND MADE US FEEL CONFIDENT CARRYING OUT THIS AMBITIOUS PROJECT.

MIKE DAVIES
Technical and Field Operations, FOX Sports

EVS Values

INNOVATION

Innovation at EVS is not just about new technologies or product evolutions. It's a daily practice that covers many aspects, such as the development of energy-saving methods, the creation of a collaborative work environment, or the design of a product all the way to its manufacturing process.

BENOIT QUIRYNEN
SVP Strategy

AGILE

In 2019, EVS won the Corporate HR Award for its outstanding organizational effectiveness.

Judges were impressed with "the outstanding performance, achievements and sustained commitment of EVS' HR department and the whole management team as well in securing, engaging and strengthening the agility and transformational culture of the organization."

The annual Corporate HR Awards shine a spotlight on companies that demonstrate excellence and tangible achievements in people-centric initiatives.

"More than an Agile implementation, it's a cultural transformation that has taken place over the past few years. It is an honor to receive such a prestigious award, which is a celebration of the shared vision among our team members, and our dedication and commitment to put the human back at the heart of EVS."

PIERRE MATELART
Head of Human Resources

CUSTOMER SUCCESS

My definition of Customer Intimacy is standing shoulder-to-shoulder with our customers, making them feel as if they're part of our organization. It's translating their needs into our products and services, and finding the optimum solution to whatever problem they might encounter. I don't see other manufacturers so embedded in the facilities and systems of our customers like EVS is. Personally, I always try to be educational, never holding back anything that might benefit them. This could be technical, operational, or financial information that might either retain them as an existing customer or convince them EVS is the right solution as a new customer.

ALEX REDFERN
SVP Solution Architect

* The quotes don't match the people on the photos

EXCELLENCE

Since the launch of our XT-VIA server in 2018, our teams have worked tirelessly on improving its performance, using an incremental and collaborative approach driven by customer feedback. We believe this is the only way to give our customers the level of performance, flexibility and reliability they expect when buying an EVS server.

MICHEL COUNSON
CTO Hardware - Managing Director

PASSION

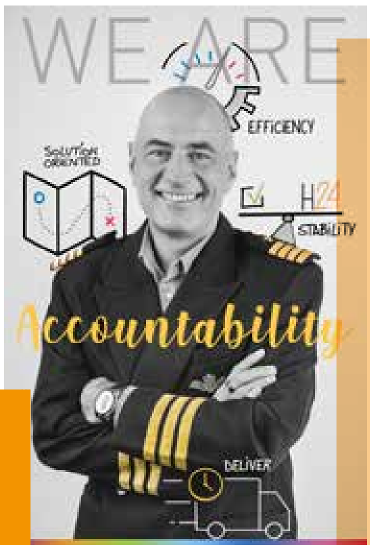
EVS' strong community of operators has been built through years of training courses and exclusive activities, and we're committed to further strengthening this special relationship.

YVES MORRIER
Head of Learning and Users Community

TEAMWORK

Teamwork is an essential value for the success of a company, especially when you have smaller, remote teams dotted around the world like EVS. We strive every day to promote good teamwork that makes everyone feel connected, regardless of where they're located.

OLIVIER HEURTEAUX
SVP APAC



ACCOUNTABILITY

We are committed to offering the very best for our customers: customized solutions that are delivered on time - every time.

THIERRY DELBROUCK
Head of Manufacturing and Supply

* The quotes don't match the people on the photos

Our corporate social responsibility

There are many ways for a company to put its values into practice and demonstrate its commitment to the environment, its team members and the community in which it operates. This long-term commitment has been an integral part of EVS' culture and values since the company's creation.

Team members

Team members are the main assets of EVS. They listen to our customers, provide them with the technology solutions they need to produce great live media coverage, and deliver the necessary training and maintenance.

By choosing to work for EVS, team members opt for an ever-changing environment where dynamism, flexibility and creativity are the watch words. EVS offers not only a continuously challenging environment where team members can constantly improve their skills and capabilities, but also a workplace where personal development and respect take priority.

An attractive and safe workplace

EVS' head office is located near Liège, Belgium, in a wooded environment close to the University of Liège, and alongside many other technology companies. The new building, currently hosting around 350 team members, is a bright, open, modern and recent facility designed to accommodate all of the company's core activities. It boasts open spaces allowing development or project teams to have fast and efficient discussions, a large number of meeting rooms to cater to a growing need for short and interactive meetings, as well as training and demo rooms to serve EVS' existing or future customers, operators and other interested parties. The basement includes the assembly lines of the

39
The average age of the EVS team members is young

various products, the packaging area and the loading dock, from where EVS transports its know-how to customers worldwide. The building also includes a range of facilities designed to foster a happy workplace: a sociable company cafeteria with an open-air terrace, locker rooms for team members who practice sports during lunch time, meeting points (coffee corners, table tennis, table football, etc.) and a rest room with relaxing seats. EVS' head office building won the CBRE Office Space of the Year award.

Our offices in various countries around the world aim to offer the same experience of comfort and care for our team members. For example, our new office in Darmstadt, Germany, is located in a hotel that provides the full range of facilities (meeting room, gym, relaxation area) to EVS team members.

EVS' APAC head office is located in an attractive area of Hong-Kong, with stunning views of the harbor

Agile and more

In 2019, EVS won the Corporate HR Award for its outstanding organizational effectiveness.

The award was attributed to EVS for its Change Management program based on the implementation of Agile methods to adapt faster to the changing and volatile broadcast industry. The project has gone on to deliver many positive outcomes, including a better focus on the human

resources aspects through reinforced links between the HR department and other business stakeholders.

EVS started to implement Agile methods (mainly Scrum) more than four years ago. The adoption by a larger number of teams accelerated in 2018, given the good results achieved by the forerunners.

Using Agile methods implies working in groups on different projects, which are managed through an iterative, incremental and adaptive development cycle and must respect four fundamental values, broken down into 12 principles, forming the basis of common or complementary practices. Thanks to Agile methods, applicants obtain better visibility of work management than with a conventional method. With increased customer involvement in the process, project teams obtain regular feedback and are able to apply the necessary changes directly. Scrum is the most popular Agile framework and one of the most recognized. It is an iterative and holistic framework that focuses on common goals by delivering products of the greatest value in a productive and creative way. This method aims to accelerate the development of software. In addition, it ensures the realization of functional software throughout the creation process. Today, most EVS development teams use these methods.

Team members

Team members take part in developing the maturity of the team in which they work. They are coachable, willing to develop their own talents, and receive constructive feedback to help them improve. They serve as role models because they are a part of EVS and represent the company's DNA—both inside and outside the organization.

Managers are team members first and foremost, so what is expected of a team member is also expected of a manager.

Managers develop a stimulating work environment in which everyone can perform at their best. Managers help their team grow in maturity and make a meaningful contribution to EVS. They also have various roles. As a leader, they set an example through their everyday behavior. As a coach, they empower and develop their team members and the team as a whole. And as an enabler, they facilitate execution between team members.

The average age of EVS team members is young (39 years).

Over the years, EVS has developed a range of strategies to attract and retain talent. The company's wide spectrum of initiatives and policies includes:

- **Induction:** New team members undergo a comprehensive introduction and on-boarding program, including internal training on EVS products and processes.
- **Communication:** EVS promotes communication between team members within the organization and across departments, facilitated by working at the head office in an open, transparent building. Local offices are not forgotten, as they share for example the same communication screens to get all important information and are included in all corporate events, albeit with a local flavor.

"Les Midis de l'arena" (open information sessions), launched a couple of years ago, gather team members to share knowledge on all sorts of topics. Yammer (Microsoft's professional social network solution) has become the ideal platform for sharing successes and news from customers and team members in the field. It serves as a "window on the world" for many team members, adding a concrete dimension to their daily jobs.

- **Individual development:** team members have opportunities to take part in various training sessions, organized internally or delivered by external guests.

- **Conferences:** EVS arranges regular, open conferences on various HR topics such as "happiness at work", "understanding and managing millennials" and "preventing burnout".

- **Well-being:** At EVS, a group of team members ("Ed-Force One") organizes various activities that aim to build team spirit, such as departmental incentives and company events (e.g. a Santa Claus event for staff children, ladies' night and the Christmas Party).

- **A competitive global remuneration package:** team members' pay and benefits packages reflect their skills and experience, team members also take part in a company profit-sharing program. This policy is important and reinforces a sense of belonging.

- **Other benefits:** EVS offers team members other benefits such as sport centre memberships, a sociable cafeteria, healthy food options, and the option to work from home.

Environment

Since its creation in 1994, EVS has been conscious of its impact on the environment. Over the years, decisions have been taken in order to honor this commitment. Since 2015, the majority of the team members based in Belgium have been based at the head office and innovation centre, located in a wooded environment near Liège. In the past, they were split across six different buildings in the same area. It provides them with an improved working environment, increasing efficiency and improving internal communication. It uses many energy-saving methods, such as "free cooling" to cool premises subject to major temperature variations, low-energy lighting, thermally activated systems (cold water circulated in the slab, as the basis of the air-conditioning system), recovery of the heat generated by servers (as the basis of the heating system), photovoltaic panels, and external blinds (ensuring better protection against the heat of the sun). Through various initiatives, from team member awareness to systems optimization, **EVS has reduced its electricity consumption by one-third over the past three years. EVS will increase its own on-site green energy production thanks to a new photovoltaic project, which will include solar panels on a car port. This car port will also help recover rainwater, which will be used to cool the server rooms**.

Through its activities, EVS also contributes to reducing the environmental footprint of the broadcast industry.

Thanks to "EVS-enabled" remote production solutions, our customers can produce from a remote location, thereby drastically reducing staff travel and associated carbon emissions.

Thanks to MediaHub, which is deployed during major sporting events, broadcasters can access and select portions of clips from home, which optimizes both travel and file transfers.

Energy is an essential part of the product design equation. The energy spent per channel is regularly optimized. EVS offers virtualization to leverage the existing energy-optimized infrastructure of customer datacenters. EVS also offers SW-based pricing models to remotely activate a feature, reducing the need to move machines from one location to another when HW capacity is already present.

80
social or cultural projects per year

Community

There are many ways for a company to put its values into practice and demonstrate its commitment to the environment, its team members and the community in which it operates. This long-term commitment has been an integral part of EVS' culture and values since the company's creation. EVS has strong regional ties and strives to contribute to the development of the communities where its offices are located. The company concentrates its efforts on a few areas that have been clearly identified.

Building local partnerships

EVS seeks to build partnerships with local suppliers as far as possible, thereby reinforcing its local bonds. This policy covers various aspects of EVS' activities, such as all issues relating to facility management, as well as business consultants and partners. EVS also plays an active role in the development of a network between the companies present in the Liège science park.

For more than one year now, EVS has been working with a local sheltered workshop to which it has subcontracted some cable assembly tasks.

Supporting team members' engagement in their communities

Through a unique "sponsorship program" in which the sponsoring budget is granted by team members, EVS actively supports more than 80 social or cultural projects each year, encouraging team members to be ambassadors of the company in their own communities.

Supporting targeted initiatives in three areas: sport, technology education, and diversity

For many years now, EVS has invested and supported initiatives in several areas, including sport, technology education, and diversity. Examples of initiatives backed by EVS include:

- **Risingtrack:** A crowdfunding platform that aims at financially supporting athletes through occasional projects.

- **HBS Broadcast Academy** (Host Broadcast Services SAS): An academy that delivers training programs to TV professionals in more than 20 countries all over the world, in order to share knowledge and experience of best practices in the industry. EVS provides a Live TV Simulator (a unique, itinerant live broadcast training tool that teaches broadcast professionals in the field).

- **Paralympic Games:** For many years, EVS has been supporting the video production of the games. In 2019, EVS sponsored, together with the Awex and the patronage of the Embassy of Belgium in Japan, a Paralympic project on the theme "Let's re-consider handicap and mobility together". The sponsorship resulted in an exhibition, a photography book and a calendar showing 12 Paralympic athletes speaking about their motto in person.

- **CoderDojo:** This is a global movement of free, volunteer-led, community-based computer programming clubs for young team members. EVS and its team members actively support the initiative, and its development in the French-speaking part of Belgium.

- **The Foundation for Future Generations** in Belgium and its Higher Education and Research Awards for Future Generations (HERA) awards—"sustainable IT": This initiative aims to support those—students and researchers–who incorporate the cross-cutting approach of sustainable development into their thesis. It encourages them to think and act at 360 degrees, considering people, planet, prosperity and participation.

EVS also donates used computers to various organizations.

Engaging in our industry

EVS is actively engaged in the development of the broadcast industry.

For example, an EVS team member currently chairs the Agoria Sports & Entertainment Technology Club, a group of experts advising global sports and entertainment organizations integrating sustainable and innovative technologies for higher performance, safety, enhanced fan experience, and new business opportunities.

EVS is also represented as a Board Member of IABM the International Trade Association for the Broadcast & Media Industry. IABM facilitates important networking and interaction between suppliers that shape and define the unique ecosystem of the broadcast and media technology industry.

EVS has always focused on standard adoption and interoperability for the benefit of the industry as a whole, and its customers in particular. In May 2019, EVS was the first to prove compliance of a replay server to SMPTE ST.2110-10/20/21/30/40, JT-NM TR-1001-1 and AMWA (Advanced Media Workflow Association) NMOS IS04-05 during JT-NM tests.

Shareholders' information

EVS Board of Directors comprised of (from left to right on the photo) Patricia Langrand, Michel Counson, Philippe Mercelis, Anne Cambier, Martin De Prycker, Chantal De Vrieze

EVS shares

EVS capital is represented by 14,327,024 shares without nominal value. Since December 15, 2011, EVS shares are either registered or dematerialized (and must be registered in a securities account).

Stock market and listing

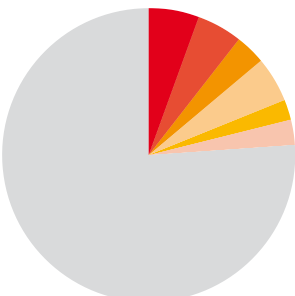
EVS shares are listed on the continuous Euronext Brussels market under the ISIN code BE0003820371.They were listed in October 1998 at a price of EUR 7.44 (EUR 37.20 before split). The share was split into five on June 5, 2005. EVS is part of the Next150 and BelMid indices. As of December 31, 2018, EVS was also eligible for the Equity Savings Plan for Small and Medium Size Enterprises in France ("plan PEA-PME"). During 2019, the maximum value reached by the stock price was EUR 23.70 on September 6 and the minimum value of EUR 19.58 was reached on February 28. EVS had a market capitalization of EUR 311.6 million at December 31, 2019 with a share price of EUR 21.75. In 2019, the value of EVS shares decreased by 6.3%.

During 2019, the standard velocity was around 58.4%. An average of 32,800 shares were traded daily on Euronext and other trading platforms, representing trading of EUR 706.500. Adjusted for an average free float of 87.2%, EVS had a velocity of 66.9% during 2019.

Dividend

Since its IPO in 1998, EVS has always paid a dividend to its shareholders. For the 2018-2021 period, the Board of Directors intends to pay stable dividends. This decision has been taken to give more clarity to investors when looking at their investment in EVS. The dividend will continue to be paid in two parts: an interim dividend at the end of November, and the final dividend in May after the approval of the General Meeting. The dividend is expected to be EUR 1.00 for the years 2020 and 2021 subject to reasonable market conditions. For the 2019 fiscal year, the Board of Directors will propose to the shareholders, at the Ordinary General Meeting of May 19, 2020, the approval of the distribution of a gross dividend per share of EUR 0.50, which was already paid as an interim dividend in November 2019. The Board proposal for 2019 represents a payout ratio of 35.7% and a Dividend yield of 2.3% (on 2019 average share price).

EVS SHAREHOLDERS (IN %)



Shareholding

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

The percentage of shares held must be calculated based on the number of shares outstanding (14,327,024 shares at end 2019).

At December 31, 2019, the shareholding of EVS Broadcast Equipment was as shown in the graphic on page 22 (from recent statements received by the company and the position of treasury shares at December 31, 2019).

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

General meetings

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

To promote interaction between the company and its shareholders—and to know and serve them better—EVS requires, under article 24 of its articles of association, the proxies for participation in its General Meetings to be signed by the final effective economic beneficiary.

Proxies by a custodian or sub-custodian must therefore be accompanied by another power of attorney duly signed by the final effective economic beneficiary allowing it to exercise its rights. In the interest of good governance, this provision is strictly applied and results at each meeting, a few non-compliant discharges of proxies, including those from stakeholders.

Financial service

Dividends are payable at ING BANK SA, which is the sole paying agent in the Euroclear Belgium "E.S.E.S." dematerialized system.
ING BANK SA
Avenue Marnix, 24
1000 Brussels
Belgium

Information accessibility

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

A page is also dedicated to the financial analysts who monitor the stock.

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

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

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

THE EVS SHARE OVER THE LAST 10 YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Number of shares issued (average)	14,327,024	13,636,540	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000
Number of shares issued (31/12)	14,327,024	14,327,024	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000
Average number of shares, excl. own shares	14,016,921	13,531,196	13,514,301	13,501,815	13,490,812	13,513,053	13,480,715	13,449,081	13,465,244	13,511,048
Average free float	87.2%	93.9%	93.9%	93.5%	93.5%	93.5%	93.5%	93.5%	88.5%	82.8%
Annual volume[1]	8,364,031	11,730,794	8,017,152	10,191,122	11,809,385	17,242,611	14,884,293	8,758,751	16,614,717	13,166,859
Average daily volume (number of shares)[1]	32,800	45,645	31,195	39,654	46,130	66,574	58,600	34,348	63,904	51,034
Average daily volume (EUR)[1]	706,515	1,053,033	1,040,358	1,228,090	1,326,711	2,459,901	2,888,959	1,383,196	2,726,774	2,154,676
Standard velocity[2]	58.4%	86.0%	58.8%	74.8%	86.7%	126.6%	109.2%	64.3%	121.9%	96.6%
Adjusted velocity - Average free float[3]	66.9%	91.6%	62.7%	80.0%	92.7%	135.3%	116.8%	68.8%	137.8%	116.8%
Average annual share price (EUR)	21.54	23.07	33.35	30.97	28.76	36.95	49.30	40.27	42.67	42.22
Closing share price (EUR)	21.75	23.20	29.71	33.20	29.00	29.89	46.99	44.40	39.49	47.90
Highest share price (EUR)	23.70	33.15	38.75	36.50	36.40	47.97	57.19	46.00	48.30	49.49
Lowest share price (EUR)	19.58	15.44	26.75	24.89	21.06	23.52	39.88	34.97	34.10	31.97
Market capitalization (average, EUR millions)	308.6	314.6	454.4	422.0	391.9	503.4	671.7	548.7	581.4	575.2
Market capitalization (Dec. 31, EUR millions)	311.6	332.4	404.8	452.4	395.1	407.3	640.2	605.0	538.1	652.6
Gross dividend (EUR)	0.50	1.00	1.00	1.30	1.00	2.00	2.16	2.64	2.36	2.64
Net dividend (EUR)	0.35	0.70	0.70	0.93	0.74	1.50	1.62	1.98	1.77	1.98
Dividend yield (gross dividend on average share price)	2.3%	4.3%	3.0%	4.2%	3.5%	5.4%	4.4%	6.6%	5.5%	6.3%
Share buyback/share	0.37	0.11	0.00	0.00	0.00	0.36	0.00	0.00	0.17	0.27
Basic EPS (EUR)	1.40	2.60	1.77	2.43	1.76	2.63	2.52	3.10	2.38	2.82
Payout ratio (gross dividend on basic EPS)	35.7%	38.5%	56.5%	53.5%	56.8%	76.0%	85.7%	85.2%	99.2%	93.6%
Price/earnings ratio [4]	15.4	8.9	18.8	12.7	16.3	14.0	19.6	13.0	17.9	15.0

[1] Source: volumes according to Euronext until 2008; as from 2009, the source is Fidessa, which also includes the exchanges made on alternative platforms.
[2] Standard velocity represents the annual volume traded on the stock market expressed as a percentage of the total number of the company's shares.
[3] Adjusted velocity represents the annual volume traded on the stock market expressed as a percentage of the average free float.
[4] The price/earnings ratio is the average share price for the year divided by the EPS over the same period.

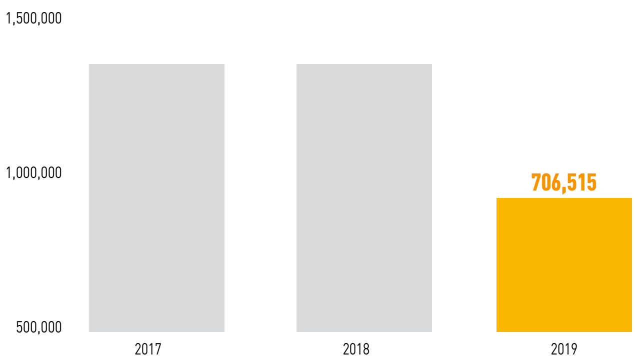
CONSOLIDATED KEY FIGURES – IFRS (EUR MIO)	2019	2018	2017
Revenue	103.4	116.1	118.8
Operating profit - EBIT[1]	23.0	28.1	34.9
Net profit (group share)	19.6	35.2	23.9
Investments	1.4	1.3	1.7
Cash generated from operations	22.6	33.3	27.3
Total equity before profit allocation (31/12)	141.8	141.3	105.3
Net cash position (31/12)[2]	45.5	58.5	24.8
Net working capital (31/12)[3]	48.5	40.7	42.9
Number of team members in FTE (31/12)	464	477	493

DATA PER SHARE (EUR)	2018	2018	2017
Average number of shares excl. treasury shares	14,016,921	13,531,196	13,514,301
Basic net profit (group share)[4]	1.4	2.60	1.77
Gross dividend (interim + final dividend)	0.50	1.00	1.00
Equity per share	10.18	9.93	7.79

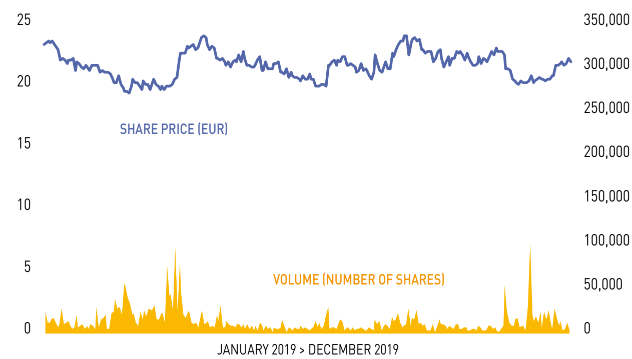
RATIOS (%)	2019	2018	2017
Gross margin (%)	71.6%	71.1%	73.7%
EBIT margin (%)[1]	22.3%	24.2%	29.4%
Net margin[5]	19.0%	30.3%	20.1%
Payout ratio (gross dividend/net profit)	35.7%	38.5%	56.5%
Dividend yield (gross dividend/average share price)	2.3%	4.3%	3.0%
Return on equity – ROE[6]	13.9%	33.4%	24.5%
Return on capital employed – ROCE[7]	27.3%	54.7%	36.3%

[1] EBIT means "Earnings Before Interests and Taxes" and corresponds to the operating result before interests and taxes.
The EBIT margin is the EBIT divided by the revenue.
[2] The net cash position is the cash and cash equivalents less the financial liabilities and the other long term debts (incl. their short term portion and including IFRS16 leasing debt).
[3] The net working capital = stocks + trade receivables - trade payables
[4] Calculated based on the number of shares excluding treasury shares and warrants.
[5] The net profit margin is the net profit (group share) divided by the revenue.
[6] This return is the result of the net profit (group share) divided by (the shareholders' equity at the beginning of the year less the final dividend decided during the Ordinary General Meeting of May).
[7] Net profit (group share), (goodwill + intangible and tangible assets + stocks).

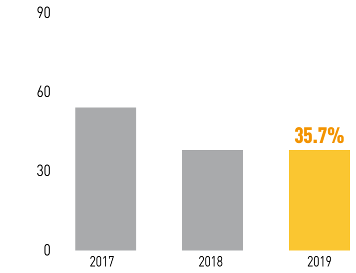
LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (EUR)



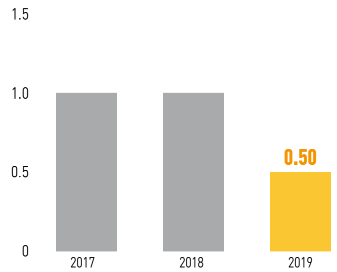
SHARE PRICE AND VOLUME



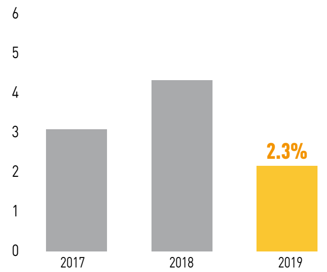
PAYOUT RATIO
(% OF BASIC EPS)



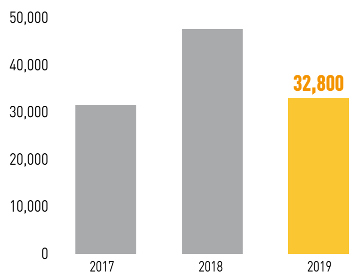
GROSS DIVIDEND PER SHARE
AFTER SPLIT (EUR)



DIVIDEND YIELD (%)



LIQUIDITY – AVERAGE DAILY
VOLUME ON THE STOCK MARKET
(NUMBER OF SHARES)



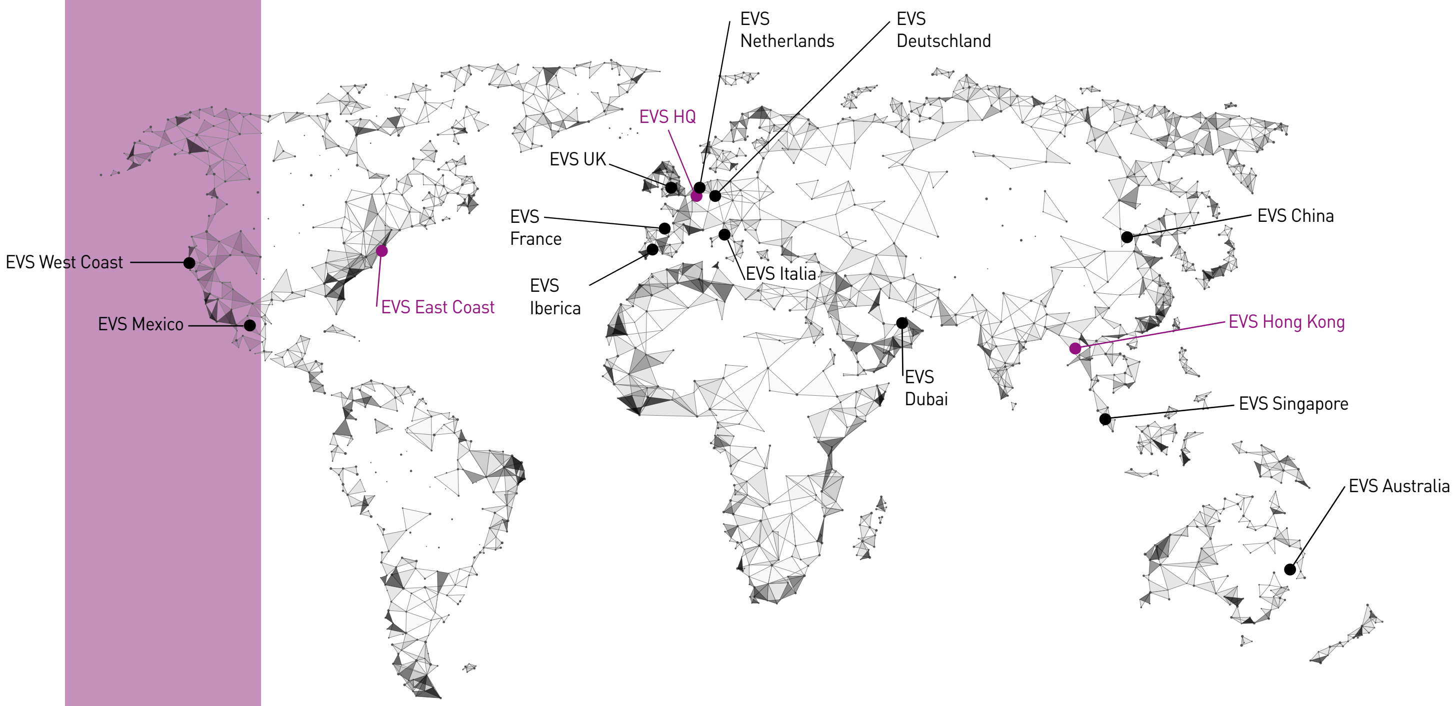
Shareholders' calendar

May 14, 2020
1Q20 trading update

May 19, 2020
Ordinary General Meeting

August 27, 2020
1H20 results

November 19, 2020
3Q20 trading update



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Version française disponible sur demande.
The Annual Report (management report, accounts and notes)
is available on the EVS website (www.evs.com).
A paper copy can be obtained on request.

Annual financial report 2019

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MANAGEMENT REPORT

FINANCIAL REPORT

1. CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2019	2018	2017	2019/2018
Revenue	103.4	116.1	118.8	-10.9%
Gross margin %	71.6%	71.1%	73.7%	-
Operating profit - EBIT	23.0	28.1	34.9	-17.9%
Operating margin (EBIT) %	**22.3%**	**24.2%**	**29.4%**	-
Income taxes	-3.3	7.1	-9.6	-147.1%
Net profit, group share	19.6	35.2	23.9	-44.2%
Net profit (%)	19.0%	30.3%	20.1%	-

2. HIGHLIGHTS

2019 was a special year for EVS, where EVS showed a strong profitability despite declining revenues in a continued challenging business environment with high volatility. 2019 also saw the arrival of a new CEO early September.
We finished the year with a good second half and a strong order book as we enter 2020 even if transition to UHD (4K) is slower than anticipated Some key references have been won, including a large contract with Game Creek, an important US based production company that has made significant investment in our new XT-Via and Multicam 16 products to expand their HDR capabilities. A football league in APAC will use EVS “X-One based unified production solution” to produce all content related to secondary leagues.

Regarding the financial performance, despite lower revenues, EVS achieved a strong profitability: Gross margin remained solid above 71%. The results of the cost control initiatives allowed EVS to reduce operating expenses by more than 5% in 2019 YoY

For 2020, we expect a challenging year with the core business under pressure considering:
- the absence of structural major improvements in the industry,
- APAC market slowdown,
- conjunctural uncertainties for content production industry (especially sport and other live events) linked to corona virus,
- postponement of major summer events from 2020 to 2021.

2020 will also be the year to start implementing the plans revised and improved in the context of the PLAYForward project for which we expect financial impact as of 2021..

2019 cost management efforts will continue in 2020.

Our strong order book of EUR 33.4 million (including big event rentals) does not hide the slow business as customers remains under cost pressure. Taking also into account that an increasing part of our sales will be shifting from a capex model to a multi year recurring revenue stream, EVS expected revenue for 2020 to be between EUR 100-120 million.

As subsequent events and considering the outbreak of Coronavirus pandemic, the initial revenue guidance of EUR 100 million to EUR 120 million revenue range in 2020 will not be achieved.

At this stage and given the dynamics an uncertainty about how this crisis might unfold and how long it may last, EVS has decided at this stage not to provide revenue guidance for the year 2020.

Given the circumstances, operational expenses continue to be closely managed and EVS expects those costs to slightly decrease compared to 2019.

3. STRATEGY AND LONG TERM GROWTH DRIVERS

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

EVS will address a larger customer base thanks to:
- strengthened convergent solutions leveraging sports position to extend to news & entertainment, workflows,
- further development of its solutions for smaller customers thanks to tiered-level pricing,
- improved support of channel partners to address new and smaller customers.

EVS will finally progressively extend its product portfolio through strategic partnerships and acquisitions to extend its footprint for both existing and new customers in different segments.

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

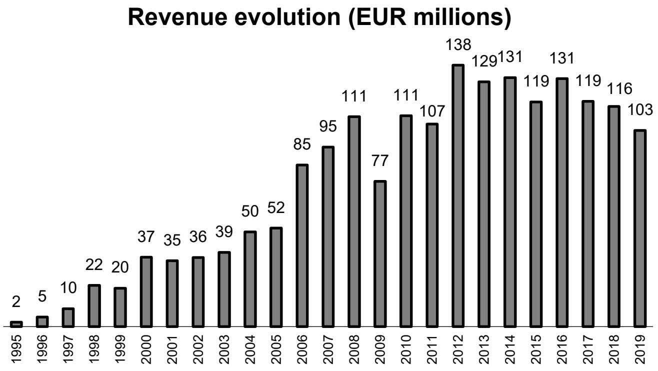
4. REVENUE

EVS revenue amounted to EUR 103.4 million in FY19, a decrease by 10.9% compared to 2018 (-2.3% at constant currency and excluding the big event rentals). Sales of solutions in Outside Broadcast vans increased by 2.4% to EUR 55.9 million, representing 54.0% of total group sales in FY19. Studio & others sales decreased by 4.0% in FY19 to EUR 46.2 million, representing 44.7% of total sales. Big events rentals amounted to EUR 1.4 million in FY19 (mainly relating to the Rugby World Cup in Japan and the Women Footbal worldcup in France), compared to EUR 13.4 million in FY18. They represented 1.3% of total sales in FY19.

In 2019, in Europe, Middle-East and Africa ("EMEA"), sales (excl. big event rentals) amounted to EUR 47.7 million (+2.7% compared to 2018), representing 46.2% of group revenue.

Sales (excl. big event rentals) in Americas ("NALA") were EUR 35.4 million (+36.9% at constant currency).

In Asia & Pacific ("APAC"), sales (excl. big event rentals) were EUR 18.9 million (-40.3% at constant currency).



Sales by region (EUR millions)

	2019	2018	Mix 2018	2019/2018
Europe, Middle-East, Africa (EMEA)	47.7	46.5	46.2%	+2.7%
Americas (NALA)	35.4	24.6	34.3%	+44.0%
at constant exchange rate	*33.7*	*24.6*	-	*+36.9%*
Asia-Pacific (APAC)	18.9	31.6	18.2%	-40.3%
Big event rentals	1.4	13.4	1.3%	-89.9%
TOTAL	**103.4**	**116.1**	**100%**	**-10.9%**

5. RESEARCH AND DEVELOPMENT

Research and Development ("R&D") expenses in 2019 were EUR 22.6 million, -11.1% compared to 2018. These expenses represent 21.9% of revenue. In accordance with the group's accounting rules (Belgian and IFRS), these expenses are fully expensed in the P&L over the financial year. At the end of 2019, there were 237 employees working in 5 European sites. The group's strong vertical integration between the sales/support activities at the local level and the R&D enables rapid adaptation of products to ever changing customer needs. EVS priority in terms of R&D is to continue the development of efficient modular production platforms, which offer producers even more flexibility and quality when producing and broadcasting content to viewers.

Since 4Q10, EVS benefits from a withholding tax exemption given since 2006 by the Belgian government to companies paying or allocating compensation to individual researchers who are engaged in collaborative R&D programs according to some criteria defined under section 273 of the Code of income tax in Belgium. From 2011, in the presentation of the accounts, the amount relating to the current year comes as a deduction of R&D charges.

Since 2015, EVS also benefits from tax credits relating to R&D in France. This amount also comes in deduction of the R&D expenses. Since 2015, EVS also makes use of the investment deduction ("IPD") for part of its investments in R&D in accordance with sections 68 to 77 of the Belgian Income Tax Code. The tax benefit that this measure provides is recognized in income taxes. For more information on R&D expenses, please refer to note 6.3.

EVS is also benefiting since 2H2016 to benefit from the "Innovation box" regime in Belgium. This regime allows Belgian companies to benefit from deductions on profits generated by innovative revenue.

6. STAFFING

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

	Corporate Services	Research & Development	Sales & Marketing	Production & Operations	Total
Dec. 31, 2017	58	258	59	118	493
Dec. 31, 2018	53	253	58	113	477
Dec. 31, 2019	59	237	58	110	464

As of December 31, 2019, EVS had a total of 464 employees (full-time equivalents, including 5 managers ("membres du personnel de direction"), a decrease by 2.7% compared with end of year 2018. The total salary cost stands at EUR 39.3 million in 2019 as opposed to EUR 37.0 million in 2018. Throughout 2019, the average number of employees was 465, down 6.25% over 2018 (496).

7. RESULTS

7.1. 2019 key figures

IFRS - EUR million, except earnings per share, expressed in EUR	***1H19 Reviewed***	***2H19 unaudited***	**2019 audited**
Revenue	*41.0*	*62.4*	**103.4**
Gross margin	*28.6*	*45.5*	**74.1**
Gross margin %	*69.7%*	*72.9%*	**71.6%**
Operating profit – EBIT	*3.4*	*19.6*	**23.0**
Operating margin – EBIT %	*8.3%*	*31.4%*	**22.3%**
Net profit – Group share	*3.7*	*15.9*	**19.6**
Basic earnings per share	*0.26*	*1.14*	**1.40**

7.2. Comments on the results

Consolidated gross margin was 71.6% for FY19, compared to 71.1% in FY18 due to a more favorable product mix. Operating expenses decreased by 5.3% yoy, thanks to strict cost management and careful headcount management. The FY19 EBIT margin was 22.3%. Income taxes in FY19 amounts to 3.3 MEUR, resulting in an effective tax rate of 15%, mainly due to the effect of the innovation box regime in Belgium (2018 included a one-time tax deduction of EUR 6.6 million in relation with 2H16 and FY17) and other R&D tax incentives.
Group net profit amounted to EUR 19.6 million in FY19, compared to EUR 35.2 million in FY18. Basic net profit per share amounted to EUR 1.40 in FY19, compared to EUR 2.60 in FY18.

7.3. Data per share (EUR)

	2019	2018	2017	2019/2018
Weighted average number of subscribed shares for the period, less treasury shares	14,016,921	13,531,196	13,514,301	+3.6%
Basic net profit, group share	**1.40**	**2.60**	**1.77**	**-46.2%**

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

At the end of 2019, total equity represented 77.4% of total balance sheet. Inventories amounted to EUR 16.8 million. Lands and building mainly include the new headquarters in Liège. Depreciation on the building approximately amount to EUR 2 million on a full year basis. Liabilities include EUR 12.8 million of financial debt (including long term and short term portion of it), mainly relating to the new building (EUR 4.0 million) and the lease liabilities following IFRS 16 implementation (EUR 8.4 million). The company already started to repay it in 2015 with installment of around EUR 5.2 million reimbursement per year.

Net cash flow from operating activities reached EUR 18.5 million in 2019. At 31 December 2019, the Group's balance sheet showed EUR 59.0 million in cash and cash equivalents. This is a decrease compared to the end of 2018, following negative cash flows from financing activities and more specifically from the share buyback (EUR 5.2 million) in excess of the cash flows generated from the operating activities.

At the end of 2019, the capital was represented by 14,327,024 shares, of which 400,180 were owned by the company (at an average historical cost of EUR 24.81).

In 2019, the company repurchased 262,952 shares on the stock market (under a share buyback program started on October 25, 2018). No shares were used to satisfy the exercise of warrants by employees. 14,496 shares were allocated to staff members under the profit-sharing program. In fact, as in previous years and within the framework of the law of 22 May 2001, the Ordinary General Meeting of May 21, 2019 decided to grant an exceptional advantage to its staff members through the profit-sharing program, equivalent to the grant of shares of the company up to EUR 0.4 million.

In 2019, no new warrants were granted, there were no exercises and 44,501 warrants were cancelled. As of December 31, 2019, 138,999 warrants were outstanding with an average strike price of EUR 28.90 and an average maturity of December 2022. However, none of these warrants were exercisable at the end of December 2019 and in-the-money (with an exercise price below the share price as of December 31). The 138,999 existing warrants have a theoretical potential diluting effect of 0.96% on capital. This is more than covered by the 400,180 treasury shares.

9. PROVISIONS FOR RISKS AND CHARGES

As per December 31, 2019, EUR 1.3 million provisions were available to reasonably cover technical warranties~~.~~

10. RISK MANAGEMENT

EVS is exposed to many exogenous and endogenous risks detailed in the annexes of the annual financial report and in the paragraph 5.1 of the Corporate Governance statement. The management, the Audit Committee and the Board of Directors conduct regular analyses of the company's risk and take actions to minimize or neutralize the potentially negative effects.

Financial instruments used by the company are identified in the balance sheet and booked at fair value.

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

11. INVESTMENTS

EVS business does not require major investments in equipment. The group’s policy is to own its premises in Belgium and primarily finance them through shareholders’ equity and long term bank loans. As per December 31, 2019, the net book value of lands and buildings was EUR 49.4 million (including 6.1 million of right-of-use assets due to the implementation of IFRS 16), and there were no Assets held for sale any more.

12. CAPITAL AND SUBSIDIARIES

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

13. OUTLOOK 2020

From 2020 onwards, EVS will change the structure of the revenue pillars from “OB vs Studio” to distinguish “LAB” (Live Audience Business) revenues and “LSP” (Live Service Providers) revenues while maintaining the “Big Events Rental” pillar to reflect the non-yearly revenues linked to the calendar of big sport events.

Due to the increasing significance of remote production and more convergent solutions between sports, news and entertainment, the production functions are not necessarily linked anymore to a mobile (OB) or fixed location (Studio and others). Volatility of usage and production functions of EVS products and solutions are more linked to the profile of the customer than to the actual location where it is deployed.

As a result, EVS will now provide information on the following revenue pillars:

- LAB – “Live Audience Business” gathers the customers using EVS products and solutions to create content for their own audience.

  LAB customers require solutions more than individual products, especially when replacing their infrastructure to face the industry transformation. They are most of time located within fixed facilities, requiring elasticity and dynamic resource allocation. LAB typically have longer sales cycle than LSP.

- LSP – “Live Service Providers” gathers customers buying EVS products and solutions to serve “LAB” customers.

  LSP customers are “service providers” still buying more products than solutions to support their rental and service offerings – fixed or mobile – towards different LAB players, possibly at different times of the day.

- Big Events Rental – Information on “Big Events Rental” revenues remain the same as before to highlight the non-yearly revenue base.

That new revenue segmentation is expected to provide a better understanding of different market dynamics and help understand EVS evolution in these markets.

Financial Guidance

Nor for LAB neither for LSP, we were expecting a major acceleration of the transition to UHD in 2020.

LSP continue to transition their infrastructure to UHD at a slower pace than initially anticipated and we do not expect major upgrades ahead of the big sporting events this summer.

LAB continue their transformation to face the media industry disruption, looking for broader and more flexible solutions and require more support. While EVS continues to capitalize on this - offering broader solutions, we don’t expect a major increase of revenue in this market segment as customers remain under cost pressure.

Following the Covid 19 pandemic, our 3 market pillars of revenues are impacted:

▪ Major summer sport events are being postponed to 2021, which should postpone related EVS revenues from 2020 to 2021. EVS had announced earlier this year that its order backlog as of Dec 31st 2019 included EUR 12.3 millions of Big Event Rental orders to be recognized in 2020. It has to be noted that these events are postponed and not cancelled. Product developments that have already been performed are expected to be reused and planned revenues will in principle shift from 2020 to 2021.

▪ Due to the cancellation and postponement of various live events (sport, concerts, entertainment shows), various LSP customers have heavily reduced their level of activity and their priority is to keep their staff ready for the recovery period. Their spending for buying new equipment is in many cases postponed to a later date.

▪ Some of our LAB customers are suffering as well. Many stadiums, universities and colleges are currently not allowed to organize any live event in their premises. On the positive side, many news related broadcastcenters see their news audience peak at this moment in time which translates in continued ordering of certain of our solutions.

▪ Considering the potential future concurrence of various live events when the confinement measures will be relaxed, the possibility exists that both LAB customers and LSP customers will need to acquire more equipments

The order book (to be recognized in revenue in 2020) amounts to EUR 21.1 million as of Dec 31st 2019, which is (+18.3% excl. big event rentals) compared to last year at the same date (Dec 31st). In addition to this order book to be invoiced in 2020, EVS already has EUR 4.4 million of orders to be invoiced in 2021 and beyond.

It is our intention to smoothly increase our recurring revenues by shifting some of our ‘CAPEX’ sales to long term recurring revenue sales.

Given the above dynamics an uncertainty about how this crisis might unfold and how long it may last, EVS has decided at this stage not to provide revenue guidance for the year 2020

Operational expenses continue to be closely managed and EVS expects those costs to slightly decrease compared to 2019.

Given the unpredictability of the potential impact of the virus outbreak on 2020 outlook, the management has made different scenarii of revenues and expenses for the next 12 months, including potential impacts on its liquidity. Thanks to its strong net cash position supported by a high level of cash and cash equivalent combined with low debt levels, these scenarii do not put in question the ability of EVS to continue as a going concern.

14. SUBSEQUENT EVENTS

Under the share buyback program started on October 25, 2018, the company has continued to acquire EVS shares in 2020. Regular updates are published on the EVS website.
After the reporting date, the company has also received the payment of overdue accounts receivables that were written off at the reporting date for a total amount of EUR 1.1 million.
As subsequent events, the outbreak of Coronavirus pandemic has had an impact on our initial revenue guidance and dividend policy as described here above in paragraph 2 and 13.

15. PROPOSALS BY THE BOARD TO THE SHAREHOLDERS

As announced in 2018, the Board of Directors has Intends to pay stable dividends. This decision has been taken to give more clarity to the investors when looking at their investment in EVS. The dividend will continue to be paid in two parts: an interim dividend at the end of November, and the final dividend in May after the approval of the General Meeting. Dividend is expected to be EUR 1.00 for the years 2020 and 2021 subject to reasonable market conditions.

For 2019, given the exceptional market condition resulting from the Coronavirus outbreak, the Board of Directors has decided to cancel the payment of final 2019 gross dividend of EUR 0.50 per share foreseen for May 2020.
For the 2019 fiscal year, the Board of Directors will propose to the shareholders, at the Ordinary General Meeting of May 19, 2020, the approval of the distribution of a total gross dividend per share of EUR 0.50, which was already paid as an interim dividend in November 2019.

The Board of Directors also proposes to grant around 16.308 shares in total to the employees within the framework of the law relating to profit-sharing schemes.

CORPORATE GOVERNANCE STATEMENT

This section of the annual report summarizes the rules and principles of good corporate governance established by EVS, in accordance with Belgian Code of Companies (and the law of April 6, 2010), articles of incorporation and the Charter of Corporate Governance. It also focuses on activities related to the year 2018.

1. CORPORATE GOVERNANCE CHARTER

Already in 2006, the Board of Directors of EVS Broadcast Equipment approved a Corporate Governance Charter ("Charter"), which has been updated in 2016 (and end of 2019 with effect in 2020 further to the 2020 Belgian Corporate Governance Code). Until 31 December 2019, this Charter was based on the 2009 Belgian Code on Corporate Governance ("The 2009 Code"). The Board has reviewed this Charter in view of the 2020 Belgian Corporate Governance Code and will continue to do so whenever needed. This document and its update is fully available on the group's website (www.evs.com).

The Charter adopted by the Board of Directors meets EVS most points from the 2009 Code. However, the Board considered that exceptions to the 2009 Code were justified given the specificities of EVS. The last section of this chapter shows the differences with the 2009 Code and explains the reasons for the exemptions.

2. BOARD OF DIRECTORS

The members of the Board of Directors are appointed for a term between 1 and 4 years. On December 31, 2019, the Board of Directors was made up of 7 members. Decisions are taken by a majority vote. In the event of a tie, the Chairman or his representative has a casting vote. In the case of a conflict of interest, the people involved do not take part in the debates and in the vote.

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

On December 31, 2019, Dr. Pierre De Muelenaere ended - as announced earlier - his mandate as CEO ad Interim and as President of the Board of Director. The board has decided to appoint Philippe Mercelis as President ad interim until a new President is appointed. The search is currently progressing with the help of a headhunter.

Following the departure of two directors announced early January 2020, the Board has decided that it will not replace these 2 directors for the time being. A re-assessment of the situation will be done once a new president is appointed.

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

In 2019, the Board met 8 times and notably discussed the following matters: strategic review, changes in management, search for a new CEO, R&D and product developments, monitoring subsidiaries, liquidity management, 2019 business updates, the 2020 budget, examining acquisition and partnership projects, preparing press releases and preparation of General Meetings, management of Directors' mandates and evaluation of the functioning of the Board.

3. SPECIALIZED COMMITTEES ATTACHED TO THE BOARD

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

3.1. Audit Committee

The Audit Committee is composed of two non-executive independent directors and one executive Director. This committee assumes the missions described in the Article 526bis of the Belgian Companies Code. More generally, it assists the Board of Directors in its responsibilities concerning the integrity of the financial information relating to the company and, in particular, supervising the financial reports, the internal audit function, the external audit function and the relations between the company and its shareholders. The Audit Committee met 3 times in 2019 in the presence, for most of the topics, of the CFO and the company's Auditor.

Vincent Werbrouck (civil Engineer, Executive Master in Management and more than 10 years of experience in executive functions at Magotteaux), Chantal De Vrieze (Certificate in law, and many years of experience in executive functions, incl. in the Altran and Econocom groups) and Yves Trouveroy (two Certificates in Law, 30 years of experience in the banking sector and in private equity) have the competencies in accounting and audit. Yves Trouveroy mandate as director of the company ended in April 2019. He was replaced in the Audit Committee by Philippe Mercelis

3.2. Remuneration Committee

The Remuneration Committee is composed of the CEO ad interim (invited) and three non-executive independent directors. This committee assumes the mission described in the article 526quater of the Belgian Companies Code. More generally, it assists the

Board of Directors in its responsibilities concerning the setting of remuneration for the company's executives and managers as well as the search for a new CEO. The members of this committee met 7 times in 2019.

3.3. Strategy Committee

The Strategy Committee is composed of the CEO, of one or more directors and also uses external consultants depending on topics and issues. It aims to assist Executive Management in all matters related to the company's strategy. In 2019, the Strategy Committee members met once.

On December 31, 2019, the Board of Directors was made up as follows:

		Director since	Audit Committee	Remuneration Committee	Strategy Committee	Term of mandate	Activities in 2019	
							Attendance Board meetings	**Attendance Committees**
Michel COUNSON	Managing Director	1994			Member	May 2020	8	1
Innoconsult bvba, represented by Martin DE PRYCKER	Independent Director	2016	Member		Member	May 2020	8	8
7 Capital sprl, represented by Chantal De VRIEZE	Independent Director	2017	Member		Member	May 2021	8	8
MMBu, represented by Patricia LANGRAND	Independent Director	2017			Member	May 2021	8	6
Philippe Mercelis	Director	2019	Chairman	Member	Member	May 2023	5	4
Accompany You sprl, represented by ANNE CAMBIER	Independent Director	2019		Chairman	Member	May 2023	5	5
W7 sprl, represented by Vincent WERBROUCK	Executive Director	15/01/2018			Member	May 2022	8	3
Pygargue Sprl, represented by Dr. Pierre DE MUELENAERE	Executive Director	2018				Dec 31, 2019	8	11
Directors who had responsibilities in 2019 but were not any more a member of the Board on December 31, 2019:								
Tom BAMELIS	Director	2018				Dec 23, 2019	8	5
Yves Trouveroy	Independent Director	2011				21 May 2019	3	1

Michel COUNSON (1960)
CTO Hardware and Managing Director of the company, Michel COUNSON graduated from the "Institut Electronique" in Liège in 1982. He started his career as a Hardware Engineer with TECHNIQUE DIGITAL VIDEO S.A. in 1983 before founding his own company, VIDEO SYSTEM ENGINEERING S.P.R.L., in 1986 which used to work in partnership with EVS on numerous projects. The two companies merged in 2000.

Martin DE PRYCKER (1955)
Martin De Prycker (representing InnoConsult bvba) has been appointed as Board Observer of EVS in November 2015. He is Independent Director of EVS since May 2016. He is Managing Partner at Qbic Fund (an interuniversity fund supporting spin-off companies in Belgium) and Managing Director at Innoconsult (consultancy firm specialized in Innovation Management and ICT solutions). Between 2009 and 2013, he was Founder & CEO of Caliopa (a startup in silicon photonics allowing the transport of hundreds of Gbps on optical fiber). Between 2002 and 2009, he was CEO of Barco (display hardware and software manufacturer based in Belgium). Under his leadership, he focused and made the company grow in markets using displays, and spinning off the non-core product lines. Prior to that, he was CTO and member of the Executive Committee of Alcatel-Lucent. Before becoming CTO of Alcatel-Lucent, he was responsible for establishing Alcatel-Lucent's worldwide market leadership in the broadband access market. He is a member of the Board of Directors of Proximus, Newtec (Belgian company designing, developing and manufacturing equipment and technologies for satellite communications), Anteryon, Track4C and Venture Spirit. Mr De Prycker holds a Ph.D in Computer Sciences, a M.Sc. in Electronics from the University of Ghent, as well as a MBA from the University of Antwerp.

Chantal DE VRIEZE (1961)
Chantal De Vrieze (permanently representing 7 Capital sprl) is CEO of Econocom Benelux since October 2016. She started her career in 1984 at AGFA, then Banque Van Breda, where she gained a solid background in Sales and Marketing. Between 2003 and 2015, she successively served as Sales Director, Managing Director of Econocom Benelux and a member of the Board of Directors of Econocom Group (European provider of B2B digital solutions). In June 2015, she became Country Manager of Altran Belgium (international consulting group for innovation and advanced engineering). She is graduated in law from the University of Ghent. She is also a member of the Board of Directors of Axa Belgium, Guberna (Belgian Institute of Directors) and Agoria, and a member of the FEB Strategic Committee.

Patricia LANGRAND (1963)
Patricia Langrand (permanently representing MMBu) is currently Managing Director of her own consulting firm MMBu. She started her career with France Telecom, where she held several positions including Strategic Marketing Director. From 1996 to 1999, she was Assistant Director of Consumer Electronics, Audiovisual, Networks and Telecom for the Ministry of Economy, Finance and Industry. In 1999, she became Chief Digital Officer & Chief Technical Officer of Canal + Group. At the end of 2002, she joined the Executive Committee of Orange as CEO of the Group's Digital Media & Entertainment activities. From 2009 to 2015, she was Executive Vice-President of Steria Group (leading European Digital Services Company), in charge of innovation, business development, marketing and communication. She is graduated from Ecole Polytechnique (X- Paris) and Telecom ParisTech.. She is also a member of the National Digital Advisory Board (France)

Philippe MERCELIS (1963)
Philippe Mercelis started his career at ING (formerly named "BBL") in 1987. He held various positions such as back office management, product management lending B2B, B2B marketing director and various commercial functions in both commercial banking and insurance sectors. He had also been a director and member of the executive committee of ING Lease and ING Commercial Finance.
In addition to these duties, he held various positions, notably with Private Equity and Public Investment Funds.
Philippe Mercelis is currently Head of Corporate Banking Brussels - Brabant at Belfius Bank.

Anne CAMBIER (1970)
Anne Cambier, (permanently representing Accompany you SRL) is director of her own business consulting company. Throughout her career, she has gradually developed a passion for the human aspects of the business, with a specific focus on competencies and leadership models in the context of technological shift.
From 1999 until 2015, Anne worked for Orange Belgium, where she contributed to the rapid growing of the mobile telephony in Belgium. At Orange, before taking her responsibility as Chief People Officer, she developed a broad transversal business knowledge by leading several activities in commercial, customer operations, supply chain and procurement.
Anne started her career in 1992 at Accenture, working for several corporate clients in Europe, mainly in the industrial and utilities sectors.
She holds a Civil Engineering degree in Applied Mathematics from the Ecole Polytechnique of Louvain (UCLouvain) and an executive Master in Management from Solvay Brussels School (SBS).

4. DAY-TO-DAY MANAGEMENT

The Board of Directors has delegated day-to-day management to two Managing Directors and an Executive Committee.

4.1. Executive Committee

On December 31, 2019, the Executive Committee was composed of:

- Pygargue sprl, represented by Pierre DE MUELENAERE, Managing Director and CEO ad interim until Dec 31st 2019
- Innovision, represented by Serge VAN HERCK, CEO as of September 9, 2019
- Yvan ABSIL, CFO
- Axel BLANCKAERT, CTO
- Benoît QUIRYNEN, Chief Market Officer
- W7 sprl, represented by Vincent WERBROUCK
- Denis Fisette, SVP Operations

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

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

The company, conscious of the importance of ensuring a certain diversity in its staff, also continued to work on the diversity of age, educational and professional background as well as geography of its executive committee and EVS management team in general, including the diversity of professional skills in particular. In 2019, our EVS extended management team is diversified from several angles: Its size, extended to 18 members with an increase in skills in management, transformation, technologies, software and services as well as a diversity of geography and an international exposure of its members.

4.2. Operational management of subsidiaries

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

5. CONTROL OF THE COMPANY

5.1. Internal control and risk management systems

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

- The assessment, with the auditor, of his audit reports and, if necessary, the request of additional information and clarifications, and the set-up of corrective actions;
- The assessment, with the auditor and the Audit Committee, of the processes that are at risk in the preparation and remediation of the financial statements;
- The ongoing monitoring of activities, operating results and financial risks of the company (including the financial position of the company, the exchange rate risks), including within the various subsidiaries of the group;
- Monitoring the price of components and of relationships with suppliers;
- Managing the information systems;
- Monitoring of rules for the prevention of market abuse, compliance with these rules and any violations;
- Monitoring regulations and laws, including the monitoring of potential litigation, and possible financial implications thereof;
- The process for the preparation of the consolidated accounts is centralized at the group's financial function level. All information necessary for this process come from widely used software in the market. Control procedures are in place to ensure that it is thoroughly mastered.

5.2. External audit

Since the Ordinary General Meeting of May 17, 2016, the audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA is carried out by EY Reviseurs d'Entreprises SRL (B-00160), represented by Marie-Laure MOREAU (A-01729), Belgian Réviseur d'Entreprise. The mandate of the Auditor is for three years. It has been renewed for 3 years in May 2019.

In 2019, all fees related to the Auditor of the parent company, EY Reviseurs d'Entreprises SRL (B-00160), represented by Marie-Laure MOREAU and its associates, amounted to EUR 64,650 in aggregate for their duties as Auditor.

6. SHAREHOLDING (AS OF DECEMBER 31, 2019)

The situation as it appears from the last official ownership statements received by the company and the situation of treasury shares as of December 31, 2019 is as follows:

Shareholder	Number of shares	% statutory basic (1)	% statutory diluted (2)
Michel Counson	835,906	5.8%	5.8%
Treasury shares EVS	400,180	2.8%	2.8%
Degroof Petercam Asset Management	707,679	4.9%	4.9%
Schroders Plc	681,021	4.8%	4.7%
Norges Bank	484,128	3.4%	3.3%
Belfius Insurance	351,012	2.4%	2.4%
Undeclared	10,867,098	75.9%	75.1%
Total	**14,327,024**	**100.0%**	
Total excl. Treasury shares	**13.926.844**		
Outstanding warrants as of Dec. 31	138,999		1.0%
Total diluted	14,466,023		100.0%
Total diluted, excl. treasury shares	14,065,843		

(1) As % of the number of subscribed shares, including the treasury shares.
(2) As % of the number of subscribed shares, including the outstanding warrants and the treasury shares.

Since December 26, 2018, the capital of EVS is currently represented by 14,327,024 shares. There is only one category of shares, having the same rights. More information on the EVS capital is available in the note 19 of the consolidated accounts. On December 31, 2019, EVS had 400,180 own shares. According to Euroclear and the EVS Shareholders Register, there were 1,291,819 registered shares of which 811,528 are owned by Michel Counson (who also own 24,378 dematerialized shares), 5,504 by EVS, 74,699 by the EVS employees under the profit sharing scheme and the remaining balance by 15 shareholders. In the EVS accounts at Euroclear, there were 13,035,205 dematerialized shares.

Shareholders must declare their ownership in EVS shares as soon as their shareholding passes over/under the 3% threshold (required by the company Statutes) and any multiple of 5% thresholds (required under Belgian law). The shareholding percentage must be computed on the basic number of outstanding shares (i.e. 14,327,024 shares at the end of 2019).

7. GENERAL MEETINGS

Each year, EVS holds its Ordinary General Meeting on the third Tuesday of May. In 2019, it was held at the company's headquarters on May 21. Overall, 123 shareholders were present or represented, representing 5,232,644 shares, or 36.5% of the share capital of EVS. All resolutions were approved at an average rate of 99.8% votes in favor.

For any proposal to amend the articles of associations, the company must invite its shareholders to attend an Extraordinary General Meeting. This assembly can validly cast only if 50% of shares are present or represented. If this is not the case, a second Extraordinary General Meeting shall be convened and will be able to vote, regardless of the percentage of shares present or represented. Decisions will be made to the majorities prescribed by law. No Extraordinary General Meeting was held in 2019.

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

8. DIVIDENDS AND PROFIT ALLOCATION POLICY

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

The Board of Directors has decided to communicate the intention to pay stable dividends. This decision has been taken to give more clarity to the investors when looking at their investment in EVS. The dividend will continue to be paid in two parts: an interim dividend at the end of November, and the final dividend in May after the approval of the General Meeting. Dividend is expected to be EUR 1.00 for the years 2020 and 2021, subject to reasonable market conditions. Considering the recent exceptional market conditions, the board of directors of EVS decides to cancel the payment of the final 2019 gross dividend of EUR 0.50 foreseen for may 2020. This decision will be submitted to the approval of the ordinary shareholders meeting scheduled on 19 May 2020.

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

9. RESPECT OF THE BELGIAN CODE ON CORPORATE GOVERNANCE

EVS has adopted the Belgian Code on Corporate Governance (2009) as reference code. In line with the "comply-or-explain" principle of the code, the Company concluded that the best interests of the Company and its shareholders are served by variance from the Code in a limited number of specific cases. These variances are explained below:

- An independent internal audit function is put in place (item 5.2./17 of 2009 Code): the internal audit function is fulfilled by the existing team within the finance department and the actions of the Audit Committee. The Board took this decision in view of the size of EVS, the risks and the existing control systems in the company.
- The audit committee should meet at least four times a year (point 5.2/28 of the 2009 Code): in 2019, the Audit Committee met 3 times, which seems enough given the size and the structure of the company.
- The executive management should include, at least, all executive directors (point 6.2): upon his own request, Michel Counson is not a member of the Executive Committee of the company. He prefers to focus on his role of CTO Hardware.
- The board shall set up an audit committee composed exclusively of non-executive directors (point 5.2./1 of 2009 Code): W7 sprl (represented by Vincent Werbrouck) is a member of the Audit Committee and an Executive Director. The decision to ask Vincent Werbrouck to become an Executive has been taken in the best interest of all shareholders in 2018, and was temporary. With the appointment of a new CEO in September 2019, the audit committee is made exclusively of 3 non-executive directors.

REMUNERATION REPORT

1. THE DIRECTORS

1.1. Remuneration policy

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

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

The policy and the remuneration of the Directors are approved by the Ordinary General Meeting. The Ordinary General Meeting of May 2016 unanimously approved the increase of the remuneration of the Board of Directors, proposed based on comparisons made with comparable companies, and with the aim of professionalizing even more the governance of the company.

1.2. Remuneration in 2019

Since the Ordinary General Meeting of May 2016 (with effect as of January 1, 2016), the remuneration is fixed as follows:

- Fixed annual remuneration of EUR 20,000 per Director (resp. EUR 40,000 for the Chairman of the Board of Directors), covering up to 6 meetings per year.
- Above 6 meetings for a full year of presence, a variable fee of EUR 1,500 per attendance to a Board meeting for each non-executive Director.
- Fixed annual remuneration of EUR 2,000 for the Chairman of a Committee.
- Variable fee of EUR 1,000 per attendance to a Committee meeting (Audit, Remuneration or Strategy) for each non-executive Director.
- The fixed amounts are adjusted pro rata temporis according to the appointment/resignation date during the year.

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

In 2019, Directors received the following compensation for the execution of their mandate:

		Fixed amount		Variable amount linked to attended meetings		Other	TOTAL 2019
		Board of Directors	Special committees	Board of Directors	Special committees		
Non-executive							
Innoconsult bvba, represented by Martin DE PRYCKER	Independent Director	20,000	1,315	3,000	8,000	2,000	34,315
7 Capital sprl, represented by Chantal DE VRIEZE	Independent Director	20,000	-	3,000	8,000	2,000	33,000
MMBu, represented by Patricia LANGRAND	Independent Director	20,000	-	3,000	6,000	1,500	30,500
Yves TROUVEROY	Independent Director	7,671	767	-	1,000	1,000	10,438
Ecompany, repersented by Anne CAMBIER	Independent Director	12,329	690	-	5,000	-	18,019
Tom BAMELIS	Director	20,000	-	3,000	5,000	-	28,000
Philippe MERCELIS	Director	12,329	690	-	4,000	-	17,019
Executive							
Michel COUNSON	Managing Director	20,000	-	-	-		20,000
Pygargue sprl, represented by Pierre DE MUELENAERE (1)	Executive Director & CEO ad interim	40,000	-	-	-		40,000
W7 sprl, represented by Vincent WERBROUCK (1)	Executive Director	20,000	-	-	-		20,000
TOTAL							251,292

As of December 31, 2019, based on the last statements received by the company and the latest modification of the shareholders' register, the members of the Board of Directors held, directly or indirectly, 835,906 shares of a total of 14,327,024, or 5.8% of the capital.

2. THE CEO AND THE OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT

2.1. Remuneration policy

2.1.1. Fixed and variable remuneration

The remuneration policy aims to attract, maintain and motivate competent and professional employees. For this reason, the amount of the remuneration is determined as a function of the individual tasks and responsibilities. The Remuneration Committee assesses annually the total remuneration and organizes additional meetings when needed. The level of remuneration is also compared to external references, either through studies or through external counsels.

The contribution made by the members of the executive management to the development of the activities and the results of the group are a substantial part of the remuneration policy.

In order to align the interests of the members of the executive management with the interests of the company and its shareholders, a part of the remuneration is linked to the results of the Company and another part to the individual performance.

The results of the Company are based on revenues and operational financial results of the past financial year. These criteria, as proposed by the Remuneration Committee, are evaluated by the Board of Directors annually and adapted when necessary.

The individual performance is based on a clearly defined evaluation system based on the achievement of specific measurable objectives, the realization of important key figures and the respect of core values which are important for the Company. All goals should be in line with the group strategy, the key values and the guidelines. The individual goals are determined annually during individual appraisals at the beginning of the financial year. There is no provision of formal right of recovery of the variable compensation awarded on the basis of erroneous financial information, for the benefit of the Company. The evaluation period is the last fiscal year, and the variable compensation amount is determined at the end of the first quarter of the next year.

The potential contributions for pensions and insurances are linked to the fixed remuneration.

As remuneration for his/her services, the Interim CEO receives, as approved by the Ordinary General Meeting of May 2019:

- a fixed remuneration,
- a variable remuneration according to annual criteria mentioned above

Since September 9, 2019 and until the end of the year 2019, the new CEO receives a fixed remuneration set by the Remuneration Committee and approved by the board of Directors. As of 2020, he will also receive a variable remuneration linked to financial objectives.

For the other members of the executive management, metrics used for the variable remuneration include sales, EBIT, opex control and progress on the multi-year strategic growth plan approved by the Board. The variable incentive scheme is capped. Most of them also have a company car at their disposal and are covered by a group insurance plan (see also note 6.3.1). For the coming years, the remuneration policy will be consistent with the one followed until now.

2.1.2. Other elements of the remuneration

Since approximately ten years, regularly, there is a grant of warrants for some members of the staff. A rigorous process supervised by the Remuneration Committee manages the grant, promotes loyalty, ensuring balance and fair distribution.

The warrants and options are granted at no-cost and are not linked to the performances of the Company, but to the level of responsibility and the added value of the people. They can be exercised, for one-third, for the first time one year after the date of the offer of the warrants. The warrants are granted according to the provisions identified in the law of 26 March 1999 concerning the Belgian action plan for job opportunities 1998. The exercise of warrants could result in the subscription of new shares in the event of a capital increase unless the Board of Directors decides to distribute shares that were purchased by the Company (warrants qualified as “sui generis”), which was often the case.

In 2018 and 2019, the CFO, the CTO and the CMO received a bonus with objectives on 2 years.

Severance pay

In the case that severance pay amounts to more than 12 months of the fixed and variable remuneration (or more than 18 months based on a motivated decision by the Remuneration Committee), the allotment of this remuneration will be presented for approval to the General Meeting. For the members of the executive management, no severance pay conditions exceeding 12 months have been agreed. In the case of any potential severance, the remuneration will be determined based on applicable current employment laws and practice.

2.2. Compensation received in 2019

2.2.1. CEO

Pygargue sprl, represented by Pierre De Muelenaere, interim CEO until December 31st 2019 received as compensation for this a total amount of EUR 238,982. He also received compensation for his Director mandate as mentioned in section 1.2.

Innovison Sprl, represented by Serge Van Herck;, CEO as of September 9, 2019 received as compensation for this a total amount of EUR 116,666.

2.2.2. Other members of the executive management

For fiscal year 2019, the other members of the executive management were:

- Yvan ABSIL, Chief Financial Officer
- Benoît QUIRYNEN, Chief Market Officer
- Axel BLANCKAERT, Chief Technology Officer
- W7 sprl, represented by Vincent Werbrouck, CCO
- Denis Fisette, SVP Operations

The other members of the executive management received, in 2019, on a prorata basis of their presence in the executive management: a fixed global compensation of EUR 1,026,878 (total company cost), a global variable compensation of EUR 329,668 (total company cost) including the payment of the 2 years objectives introduced in 2018, a contribution for pension of EUR 66,457 (see more details on the plan in note 6.3.1) and other benefits for EUR 67,972 (including medical insurance and company cars).

Stock options are awarded to the CEO and the other members of the executive management after the Board of Directors' approval upon the recommendation of the Remuneration Committee. In 2019, the CEO and the other members of the executive management didn't receive any warrant.

3. CONFLICT OF INTEREST PROCEDURES

During the year under review, there was a conflict of interest according to the specific procedure provided for under Articles 523 and 524 of the Belgian Companies Code for

- Pygargue sprl, represented by Pierre De Muelenaere and W7 sprl, represented by Vincent Werbrouck, during the meeting of the board of directors of 19 February 2019 as regards the proposition of approval of the amendments to their respective services agreement, the economic consequences thereof consisting in the compensation that they should receive according to these amendments.
- Tom Bamelis during the meeting of the board of directors of 4 April 2019 as regards the proposition to the ordinary shareholders' meeting of the confirmation of his mandate as director, the economic consequences thereof consisting in the remuneration that he should receive as director and as the case may be as member of EVS Committee .
- Yves Trouveroy during the meeting of the board of directors of 4 April 2019 as regards the potential proposition to the ordinary shareholders' meeting of renewal of his mandate as director; the economic consequences thereof consisting in the remuneration that he should have received as director and as the case may be as member of EVS Committee.
- W7 sprl, represented by Vincent Werbrouck, during the meeting of the board of directors of 12 November 2019 as regards the extension of his agreement, the economic consequences thereof consisting in the compensation that he should receive according to such extension.
- Pygargue sprl, represented by Pierre De Muelenaere during the meeting of the board of directors of 18, 23 and 24 december 2019 as regards the search of a new President, the economic consequences thereof consisting in the compensation that he should have received if he would have accepted to extend this mandate as President.

The above persons have neither attended nor voted this matter as provided for under Articles 523 and 524 of the Belgian Companies Code further to which the above-mentioned contracts have been entered into taking into account the services corresponding to the needs of the company that they will provide on this basis. The economic consequences of the related contracts have been mentioned under 2.2.1 and 2.2.2.

RISKS AND UNCERTAINTIES

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

We distinguish primary and secondary risks.

1. PRIMARY RISKS

- We face competition and if we are unable to compete effectively, we may experience decreased sales or pricing pressure, which would negatively impact our future operating results.
- We derive a substantial majority of our revenues from customers in the broadcast industry that use our products for both production and transmission of television content. If we fail to generate continued revenues from this market or if there is a downturn in this market, our revenues could decline.
- We depend on sales of our XT and XS video server products. If market demand for these products does not continue, our future operating results could be harmed.
- Our business may be harmed if our contract manufacturers are not able to provide us with adequate supplies of our products.
- If we experience delays, shortages or quality issues from our component suppliers, our product sales could suffer.
- Our future success depends on our ability to attract and retain key personnel, and our failure to do so could harm our ability to grow our business.
- The average selling price of our products may decrease, which could negatively impact our operating results.
- Our end users require a high degree of product reliability. If we are unable to provide high quality products, our relationships with end users could be harmed.
- If we fail to develop and introduce new products or enhancements to existing products in a timely manner, or if we fail to manage product transitions, we could experience decreased revenues in the future.
- If we fail to respond to technological changes and evolving industry standards, our products could become obsolete or less competitive in the future.
- If our products do not interoperate with other systems, installations could be delayed or cancelled.
- Our products are highly complex and may contain undetected software or hardware errors, which could harm our reputation and future product sales.
- If we fail to manage our growth effectively, our business could be harmed.
- The outbreak of the coronavirus in early 2020 and the results of the measures taken to contain the virus, could impact our financial performance of 2020 and the measurement of certain assets and liabilities. Accordingly, we may thus possibly need to record material adjustments in our accounts during 2020. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements
- Although the impacts due to the coronavirus outbreak are still unpredictable, we cannot exclude that it might severely impact our revenues and cash flow from operations, therefore potentially jeopardizing our going-concern assumption.

2. SECONDARY RISKS

- We may not be able to continue to maintain or increase our profitability and our recent growth rates may not be indicative of our future growth.
- Our quarterly operating results have fluctuated in the past and may continue to fluctuate in the future, which could cause our stock price to decline.
- We have significant international operations and derive most of our revenues from international customers, which exposes us to significant risks, including risks relating to currency fluctuations.
- Our future financial performance depends on growth in the markets for video servers and digital tapeless solutions. If these markets do not continue to grow at the rate that we forecast, our operating results would be materially and adversely impacted.
- Investment processes of our clients can be lengthy and unpredictable, which may make it difficult to predict sales in any particular quarter.
- Our use of open source software and other third-party technology and intellectual property could impose limitations on our ability to market our products.
- Failure to protect our intellectual property could substantially harm our business.
- If a third party asserts that we are infringing its intellectual property, whether successful or not, it could subject us to costly and time-consuming litigation or expensive licenses, which could harm our business.
- We are subject to governmental export controls that could subject us to liability or adversely affect our ability to sell our products in international markets.

- We are subject to environmental and other health and safety regulations that may increase our costs of operations or limit our activities.
- We may expand through acquisitions of, or investments in, other companies, each of which may divert our management's attention, result in additional dilution to stockholders or use resources that are necessary to operate other parts of our business.
- The issuance of new accounting standards or future interpretations of existing accounting standards could adversely affect our operating results.
- Maintaining and improving our financial controls and the requirements of being a public company may strain our resources and divert management's attention.
- We or one of our affiliate might require additional capital to support business operations, and this capital might not be available on acceptable terms, or at all.

The Board of Directors
Liège, April 2, 2020

CERTIFICATION OF RESPONSIBLE PERSONS

Serge Van Herck, CEO
Yvan Absil, 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 2019, 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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	2019 Audited	2018 Audited
Revenue	3	103,400	116,059
Cost of sales	6.2	-29,316	-33,540
Gross profit	**6.2**	**74,085**	**82,519**
Gross margin %		**71.6%**	**71.1%**
Selling and administrative expenses	6.4	-27,926	-27,949
Research and development expenses	6.3	-22,603	-25,424
Other income	6.6	93	50
Other expenses		-89	-343
Profit-sharing plan and warrants	6.4	-530	-789
Operating profit (EBIT)		**23,030**	**28,064**
Operating margin (EBIT) %		**22.3%**	**24.2%**
Interest revenue on loans and deposits	6.5	38	66
Interest charges	6.5	-604	-363
Other net financial income / (expenses)	6.5	295	123
Share in the result of the enterprise accounted for using the equity method	5	169	223
Profit before taxes		**22,928**	**28,112**
Income taxes	7	-3,320	7,042
Net profit from continuing operations		**19,608**	**35,155**
Net profit		**19,608**	**35,155**
Attributable to :			
Non controlling interest			
Share of the group		**19,608**	**35,155**

EARNINGS PER SHARE *(in number of shares and in EUR)*	**8**	**2019 Audited**	**2018 Audited**
Weighted average number of subscribed shares		14,016,921	13,531,196
Weighted average fully diluted number of shares		14,016,921	13,531,196
Basic earnings – share of the group		1.40	2.60
Fully diluted earnings – share of the group (1)		1.40	2.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	2019 Audited	2018 Audited
Net profit	**19,608**	**35,155**
Other comprehensive income of the period		
Currency translation differences	54	122
Other increase/ (decrease) (2)	-592	-174
Total of recyclable elements	-537	-52
Total comprehensive income for the period	**19,071**	**35,103**
Attributable to :		
Non controlling interest		
Share of the group	**19,071**	**35,103**

(1) Diluted earnings per share equals basic earnings per share because the 138,999 warrants outstanding at the end of December 2019 were not exercisable as their exercise prices were higher than the average market price of EVS shares during 2019.
(2) EUR 548 thousands net of deferred taxes due to change in actuarial assumptions for IAS 19 defined benefits pension plans

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS **(EUR thousands)**	**Notes**	**Dec 31, 2019** **Audited**	**Dec 31, 2018** **Audited**
Non-current assets :			
Goodwill	10	1,125	1,125
Other intangible assets	11	173	443
Lands and buildings	12	49,365	44,836
Other tangible assets	12	4,344	2,765
Investment accounted for using equity method	5	1,421	1,282
Other amounts receivables	15	959	2,324
Deferred tax assets	7.3	6,570	5,428
Financial assets	13	353	287
Total non-current assets		**64,309**	**58,489**
Current assets:			
Inventories	14	16,823	15,113
Trade receivables	15	36,582	30,489
Other amounts receivable, deferred charges and accrued income	15	6,071	3,642
Financial assets	16	238	129
Cash and cash equivalents	17	59,010	68,482
Total current assets		**118,724**	**117,855**
Non-current assets classified as held for sale	18	**-**	**-**
Total assets		**183,033**	**176,344**

EQUITY AND LIABILITIES **(EUR thousands)**	**Notes**	**Dec 31, 2019** **Audited**	**Dec 31, 2018** **Audited**
Equity			
Capital	**19**	**8,772**	**8,772**
Reserves	19.6	142,149	136,601
Treasury shares	19.5	-9,927	-4,750
Total consolidated reserves		**132,221**	**131,851**
Translation differences	19.7	767	713
Equity, attributable to the owners of the parent		**141,761**	**141,336**
Non-controlling interest		**-**	**-**
Total equity		**141,761**	**141,336**
Provisions	21	1,636	2,105
Deferred taxes liabilities	7.3	19	44
Financial debts	20	6,070	4,426
Other debts	20	692	68
Non-current liabilities		**8,418**	**6,642**
Financial debts	20	6,725	5,493
Trade payables	22	4,870	4,897
Amounts payable regarding remuneration and social security		8,302	7,442
Income tax payable		4,282	2,519
Other amounts payable, advances received, accrued charges and deferred income	22	8,675	8,015
Current liabilities		**32,855**	**28,366**
Total equity and liabilities		**183,033**	**176,344**

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2019 Audited	2018 Audited
Cash flows from operating activities			
Net profit, share of the group		**19,608**	**35,155**
Adjustment for:			
-Other income		-592	125
- Depreciation and write-offs on fixed assets	11, 12	5,483	3,060
- Stock based compensation and ESOP	6.4	530	789
- Provisions	21	-469	893
- Income tax expenses	7	3,320	-7,042
-Interests expense (+) / Income (-)	6.5	270	174
-Share of the result of entities accounted for under the equity method		-169	-223
Adjustment for changes in working capital items:			
-Inventories	14	-1,709	554
-Trade receivables	15	-4,726	2,043
-Other amounts receivable, deferred charges and accrued income	15	-1,122	175
-Trade payables	22	-72	-1,270
-Amounts payable regarding remuneration and social security		903	-887
-Other amounts payable, advances received, accrued charges and deferred income		1,244	-313
-Conversion differences		63	99
Cash generated from operations		*22,563*	*33,331*
Income taxes paid	7	-4,059	-1,371
Net cash from operating activities		**18,504**	**31,960**
Cash flows from investing activities			
Purchase of intangible assets		-25	-290
Purchase of tangible assets (lands and building and other tangible assets)	12	-1,352	-1,309
Disposal of tangible assets		1,020	3,401
Other financial assets		-17	43
Net cash used in investing activities		**-374**	**1,845**
Cash flows from financing activities			
Reimbursement of borrowings	20	-5,250	-5,369
Proceeds from new borrowings	20	709	738
Payment of lease liabilities	20	-3,600	-
Interests paid	6.5	-609	-358
Interests received	6.5	38	66
Dividend received from investee		32	-
Dividend paid - interim dividend	9	-6,914	-6,749
Dividend paid - final dividend	9	-6,646	-6,758
Other allocation		-393	-399
Acquisition (-) / sale (+) of treasury shares	19.5	-5,177	-1,194
Increase in shareholders' equity		-	14,892
Net cash used in financing activities		**-27,810**	**-5,131**
Net increase in cash and cash equivalents		-9,679	28,674
Net foreign exchange difference		208	385
Cash and cash equivalents at beginning of period		**68,482**	**39,423**
Cash and cash equivalents at end of period		**59,010**	**68,482**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousands)	Capital	Reserves	Treasury shares	Currency translation differences	Equity, share of the group	Non-controlling interest	Total Equity
Balance as at January 1, 2018 (reported)	**8,342**	**100,452**	**-4,038**	**590**	**105,347**	**-**	**105,347**
Change in accounting policies		-34			-34		-34
Balance as at January 1, 2018 (restated)	**8,342**	**100,418**	**-4,038**	**590**	**105,313**	**-**	**105,313**
Total comprehensive income of the period		34,981		122	35,103		35,103
Acquisition of non-controlling interests	430	14,462			14,892	-	14,892
Share-based payments		645			645		645
Acquisition/sale of treasury shares			-712		-712		-712
Final dividend		-6,758			-6,758		-6,758
Interim dividend		-6,749			-6,749		-6,749
Other allowance		-399			-399		-399
Balance as per December 31, 2018	**8,772**	**136,601**	**-4,750**	**713**	**141,336**		**141,336**

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

NOTES TO THE IFRS CONSOLIDATED FINANCIAL STATEMENTS

1. INFORMATION ABOUT THE COMPANY

1.1. Identification

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

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

The consolidated financial statements of EVS Broadcast Equipment SA as at December 31, 2019 were established by the Board of Directors of April 2, 2020. The Board of Directors is authorized to amend the consolidated financial statements up until the Annual General Meeting of Shareholders, scheduled to be held on May 19, 2020.

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

1.2. Public information

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

1.3. Corporate purpose of the company

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

2. SUMMARY OF THE IFRS SIGNIFICANT ACCOUNTING PRINCIPLES

2.1. Basis of presentation of the financial statements

The consolidated accounts of the group have been prepared on an historical cost basis, except for the share based payments, buildings and derivative financial instruments, which are measured at their fair value. The consolidated accounts are presented in euros (EUR) and all the values are rounded figures to the nearest thousand unless otherwise indicated.

2.2. Statement of compliance

The consolidated accounts of EVS Broadcast Equipment SA and of its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

2.3. New norms, interpretations and amendments

During the current financial year, the group applied all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, that are relevant to its operations and effective for the accounting year starting on January 1, 2019. The group has not applied any new IFRS requirements that have been published but that are not yet effective.

The nature and the impact of each of those norms, amendments and/or interpretations are shown below:

IFRS norms, amendments or interpretations adopted as of 2019

The Group has adopted IFRS 16 and IFRIC 23 as of 1 January 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below:

- As of January 1, 2019 IFRS, 16 Leases is applicable. The nature and the effect of these changes were taken into consideration, and the above amendments affected the condensed consolidated interim financial statements as follows:
    - We adopted IFRS 16 on 1 January 2019, in accordance with the transitional provisions of IFRS 16, using the modified retrospective approach. Consequently, the cumulative effect of adopting IFRS 16 was recognized as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of the comparative figures.

- On adoption of IFRS 16, we recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments and discounted using either the implicit rate of the underlying contract or our incremental borrowing rate as of 1 January 2019. Our weighted average annual incremental borrowing rate applied to the lease liabilities on 1 January 2019 is between 3 and 4,7%.

- The differences between our total operating lease commitments as reported in note 23 of our consolidated financial statements of 31 December 2018 and the total lease liabilities recognized in our statement of financial position as at 1 January 2019 are summarized below.

Operating lease commitments disclosed as at 31 December 2018	**5,185**
Add: Identification of additional lease agreements	4,573
Add: Impact of extended options reasonably certain	3,282
Less: discounting effect using the lessee's incremental borrowing rate at the date of initial application	-1,713
Less: short-term leases and low-value leases	-
Less: Other	-50
Lease liability recognized as at 1 January 2019	**11,277**

- The adoption of IFRS 16 affected the statement of financial position as at 1 January 2019 as follows:

	01/01/2019
Assets	**10,875**
Lands and buildings	8,332
Other tangible assets	2,528
Deferred tax assets	15
Equity	**-46**
Reserves	-46
Liabilities	**10,921**
Financial long-term debts	8,569
Short term portion of financial debts	2,353

- We applied the following practical expedients, as permitted by IFRS 16, on transition date:
  - Leases of low-value assets for assets with a value below USD 5.000;
  - The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
  - Non-lease components are not included in the measurement of the lease liability.

- Change in lease accounting with effect from 1 January 2019 as a result of the adoption of IFRS 16:
  - Whereas until the end of 2018, we made a distinction between finance leases (presented on the balance sheet) and operating leases (off-balance sheet commitments), we recognized as from 1 January 2019 right-of-use assets on the balance sheet and corresponding lease liabilities (measured on a present value basis). These liabilities reflect the expected lease payments to be made in the future, estimated at the commencement date of the leases. After initial recognition, these lease liabilities are measured at amortized cost.
  - The right-of-use assets (mainly comprising the initial lease liability) are measured at cost and depreciated over their useful life on a straight-line basis. The right-of-use assets are presented in the statement of financial position under the non-current assets and the lease liabilities are presented as current and non-current liabilities.
  - Each lease payment is allocated between the lease liability and financial expenses.

- As of January 1, 2019 IFRIC 23 Uncertainty over Income Tax Treatment is applicable. The Group has reviewed their tax positions taken in the financial statements and in the tax filings and how these are supported. In addition, the Group has assessed how the taxation authorities might make their examinations and how issues that might arise from examinations could be resolved. Based on this assessment, a tax liability was recorded in the balance sheet for an amount of EUR 3 million on January 1st, 2019.

IFRS norms, amendments or interpretations issued but not yet effective as of 2019

- 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (applicable for annual periods beginning on or after 1 January 2020);
- Amendments to References to the Conceptual Framework in IFRS Standards (applicable for annual periods beginning on or after 1 January 2020);
- Amendments to the guidance of IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020);
- Amendments to the definition of material in IAS 1 and IAS 8 (applicable for annual periods beginning on or after 1 January 2020);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) (applicable for annual periods beginning on or after 1 January 2022);
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021).

It is not expected that the application of the above mentioned IFRS standards, interpretations and amendments will have a significant impact on the financial statements.

2.4. Summary of changes in accounting policies

The Company consistently used the same accounting policies throughout all periods presented in its IFRS financial statements. There is no impeding change in accounting policy, at the exception of the first implementation of new norms, interpretations and amendments as described in note 2.3.

2.5. Consolidation principles

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

2.6. Subsidiaries

The subsidiaries are companies controlled by EVS, for which the following are met: (a) EVS has the power (legally or de facto) over the investee; (b) EVS is exposed or entitled to variable returns from its involvement with the investee; and (c) EVS's ability to use its power over the investee to affect the amount of returns it gets.
The subsidiaries are consolidated as from the acquisition date, which corresponds to the date on which the group took over control and up until such date as the exercise of this control ceases.
All companies over which control is exercised directly or indirectly are fully consolidated.
When a change occurs in the controlling power within a subsidiary, the consolidated accounts integrate the profit and loss up to the date which EVS Broadcast Equipment SA loses the control.

2.7. Interests in joint ventures and in associates

Joint ventures (in accordance with the processing prescribed by IFRS 11) as well as associates are recognized according to the equity accounting method.
These investments are carried in the balance sheet at the lowest value between that obtained by the equity method and the recoverable value. The group's share in the profit and loss of the joint ventures and of the associates is entered into the profit and loss account, in a distinct line "Share in the result of the enterprise accounted for using the equity method".
The financial statements of the joint ventures and of the associates are used by the group in order to apply the equity accounting method.
The financial statements of the joint ventures and of the associates are prepared on the same reporting date as the parent company, on the basis of similar accounting principles.

2.8. Summary of significant decisions and estimates

2.8.1. Decisions

To prepare financial statements in accordance with the group's accounting methods, management has made assumptions, in addition to those that call for recourse to estimates, some of which have a significant effect on the amounts recognized in the financial statements:

Research and Development costs: the group has considered that it cannot make a clear distinction between the research phase and the development phase of a project developed internally. Moreover, the group sells products in a market that is subject to rapid technological change, new product development and changing customer needs. Accordingly, the group has concluded that it cannot determine technological feasibility until the development stage of the product is nearly complete. For these reasons, R&D is expensed, not capitalized.

2.8.2. Recourse to estimates

In order to prepare the financial statements in accordance with the IFRS standards, it is up to management to establish a certain number of estimates and assumptions in order to determine the amounts reported in the financial statements and their notes. The

estimates carried out on each reporting date reflect the conditions in force on these dates (for example: market price, interest rates and exchange rates).
Although these estimates are based on the best knowledge of management of the existing events and of the actions that the group could undertake, the real results may differ from these estimates.
The use of estimates is particularly applicable when performing goodwill impairment tests and evaluating any additions to the purchase price of past business combinations, determining the fair value of share-based payments, the evaluation of the deferred tax position and the determination of the percentage of completion of construction works.

2.9. Foreign currency translation

Each entity of the group determines its own functional currency and the elements included in the financial statements of each of the entities are measured by using this functional currency. The functional currency of EVS Broadcast Equipment SA as well as all of the subsidiaries is the euro, except for the EVS Inc. subsidiary, whose functional currency is the US dollar. The presentation currency of the financial statements of EVS Broadcast Equipment SA is the euro.

2.9.1. Financial statements of foreign companies

For all the subsidiaries, except for EVS Inc., transactions in foreign currencies are initially recorded in the functional currency at the exchange rate in force on the transaction date. On the reporting date, the monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate in force on the reporting date. The non-monetary items in foreign currency that are measured at the historical cost are converted at the exchange rates in force on the initial transaction dates. All the exchange differences are recognized in consolidated income statement.
For the EVS Inc. subsidiary that operates in USD, on the reporting date, the assets and liabilities are converted into the functional currency of the group (EUR) at the exchange rate in force on the reporting date, their equity is converted at historical exchange rate and their income statement is converted at the average exchange rate of the period. Any exchange differences resulting from this conversion are recognized directly under a different heading of the shareholders' equity.

2.9.2. Transactions in foreign currencies

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

2.9.3. Exchange rates used

USD / EUR exchange rate	Twelve months average	At December 31 (closing rate)
2019	1.1195	1.1234
2018	1.1810	1.1450
Variation	*+5.2%*	*+1.9%*

2.10. Business combinations and goodwill

Business acquisitions are accounted using the purchase method. The counterpart, transferred in connection with a business combination, is measured at fair value, which is calculated as the sum of the fair values at the acquisition date of the assets transferred by the group, the liabilities incurred by the group in favor of the former owners of the acquired company and the part of equity issued by the group in exchange for control of the acquired company. The acquisition-related costs are generally recognized in profit or loss as incurred.

When consideration transferred by the group as part of a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its fair value at the acquisition date and included in consideration transferred under the business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are recognized retrospectively, with corresponding adjustment to goodwill. The adjustments of evaluation periods result from additional information about facts and circumstances that existed at the date of acquisition obtained during the "evaluation period" (maximum of one year from the acquisition date).

Changes resulting from events after the acquisition date, such as the achievement of an earnings target, are not measurement period adjustments. In this case, the changes in fair value of contingent consideration meeting the definition of a financial liability are recognized in net income.

Goodwill is the difference between the cost of an acquisition and the share of the acquirer's interest in the net fair value of the identifiable assets, certain liabilities and eventual liabilities. The goodwill is not depreciated but must be reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, in accordance with IAS 36.
If the share held by the company in the net fair value of the identifiable assets, liabilities and eventual debts of the acquired company exceeds the cost of the combination, the surplus is immediately recognized in the profit and loss account.

2.11. Intangible assets

Intangible assets acquired other than goodwill are recognized at cost.

Intangible assets with a finite useful life are depreciated on a straight-line basis over the duration of their economic utility (3 years for software, between 3 and 5 years for the other intangible assets) and reviewed for impairment testing each time there is a sign of impairment in the intangible asset.

2.12. The depreciation duration and method are reviewed every year. The carrying amounts of the intangible assets are reviewed for impairment when events or changes indicate that the carrying amount may not be recoverable.Tangible assets

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

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

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

The depreciation is calculated on straight-line basis over the estimated useful life of the asset. The useful life is examined on an annual basis.

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

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

The depreciation is calculated from such time as the asset is available for use. The carrying amounts of the tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If anything points to such a situation, and if the carrying amounts exceed the estimated recoverable value, the assets or the cash generating units are depreciated to be brought back to their recoverable value. Impairment losses are recognized in the profit and loss account.

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

2.13. Non-current assets held for sale

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

Non-current assets (and groups held for sale) classified as held for sale are measured at the lower of their carrying amount and fair value less sale costs. They are not depreciated any more.

2.14. Inventories

Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing stocks to the right place in the appropriate conditions are recognized as follows for both the current and previous year:

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

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

2.15. Trade and other receivables

Receivables are stated in the balance sheet at original invoice and subsequently are subject to impairment. For the trade receivables, EVS applies the simplified approach in calculating the impairment in accordance with the expected credit loss method which requires measuring the impairment based on the lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.16. Other current and non-current assets

The other current and non-current assets are recognized at the depreciated cost.

2.17. Cash and cash equivalents

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

2.18. Treasury shares

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

2.19. Non-controlling interests

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

2.20. Interest-bearing loans and borrowings

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

2.21. Provisions

Provisions are recognized when the group has a present obligation (legal or implicit) as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation value. When the group is expecting the repayment of the provision, the repayment is recognized as a different asset but only if this repayment is almost certain.
If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.22. Pensions and other post-employment benefits

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

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

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

2.23. Share-based payment

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

2.23.1. Equity-settled transactions

The cost of the stock option plans (warrants) is determined by reference to the fair value of the equity instruments granted, measured on the grant date. The fair value is determined using the Black & Scholes model, taking into account the characteristics and conditions governing the granting of the instruments.
The cost of equity-settled transactions is recognized as an expense and is offset by a corresponding increase in shareholder's equity over a period that ends on the date on which the beneficiary becomes creditor of the grant.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of "fully diluted" earnings per share but only when they have a dilutive effect when the exercise price is below the average share price of EVS ordinary shares during the fiscal year.

2.24. Revenue from contracts with customers

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

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

As regards to the work in progress ("WIP") contracts, which include contracts with a value of more than 500 K€ and with 3 months duration at least, these contracts represent one single performance obligation and as its promises under the contracts relates to the creation of an asset for the customer the revenue should be recognized over time. The completion level of the projects is determined on a quarterly basis, depending on the effective level of completion of the specifications. This is the result of a dialogue between the Business Controller, the Project Manager, the legal department and the customer.

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

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

Interest revenue is recognized as interest accrues.
The dividends that are received from subsidiaries are recognized when the group has a right to receive that payment.

2.25. Leases (EVS as lessor)

The existence of a lease within an agreement is reported on basis of the substance of the agreement. Lease agreements are classified depending if the risks and rewards associated with owning the asset are with the lessee or the lessor.

2.25.1. Finance leases

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

2.25.2. Operating leases

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

2.26. Government grants

2.26.1. European Union grants

Subsidies from the European Union are recognized at their fair value where there is reasonable assurance that they will be received and that all the conditions will be satisfied.
When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.
When the grant relates to an asset, the fair value is deducted from the carrying value of the related assets.

2.26.2. Investment grants

Investment grants are recognized when there is reasonable assurance that they will be received and that all the conditions attached will be satisfied.
Investment grants are recognized after deduction from the assets concerned and they are automatically deducted in the income statement from the depreciations of these assets.

2.27. Leases (EVS as lessee)

The Group has adopted IFRS 16 Leases for its financial statements from 1 January 2019 using the modified retrospective approach. The assets, representing the right to use the underlying leased asset, are capitalized as property, plant and equipment at cost, comprising the amount of the initial measurement of lease liability and initial direct costs adjusted by lease payments made before or on commencement date lease incentives received and any dismantling or restoration costs. The corresponding lease liabilities, measured at the present value of the remaining lease payments and discounted using either the implicit rate of the underlying contract or our incremental borrowing rate, are recognized as long-term or current liabilities depending on the maturity date. Lease interest is charged to the income statement as an interest expense. Leased assets are depreciated over the lease term period by using the straight-line depreciation method.

<u>Accounting principles applied until 31/12/2018:</u>

The existence of a lease within an agreement is reported on basis of the substance of the agreement.

2.27.1. Finance leases

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant reimbursement on the remaining balance of the liability. Finance charges are directly recognized in the income statement.

2.27.2. Operating leases

Leases where the lesser retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

2.28. Research and development costs

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

The markets in which EVS operates and which are characterized by a rapid evolution of used technologies and the impossibility to predict future benefits that on-going developments are likely to generate, lead the Board of Directors conclude that the criteria of IAS38.57 were not met. Consequently, development costs incurred in 2019 cannot be capitalized.

2.29. Borrowing costs

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

2.30. Income taxes

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

2.30.1. Current taxes

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

2.30.2. Deferred taxes

Deferred taxes are recognized using the variable carry-forward method, for all temporary differences on the reporting date between the tax base of the assets and liabilities and their carrying amount on the balance sheet.

Deferred tax liabilities are recognized for all temporary differences:

- except when the deferred tax liability arises from the initial recognition of a goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and that, on the transaction date, does not affect either the accounting profit or the taxable profit or loss; and
- for the taxable temporary differences linked to interest in subsidiaries, in associates and in joint ventures, except if the date on which the temporary difference is inversed can be checked and it is probable that the temporary difference will not be inversed in the foreseeable future. Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the tax assets and liabilities due and if these deferred taxes concern the same taxable entity and the same tax authority.

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

2.31. Derivative financial instruments

EVS uses derivative financial instruments such as forward exchange rate contracts or interest rate swaps to hedge its risks of foreign currency fluctuations on its foreign currency transactions and its risks of interest rate fluctuations. Such derivative financial instruments are stated at fair value as these contracts are not deemed to be hedging contracts within the meaning of the IFRS.
The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of the interest rate swaps is subject to a valuation by the counterparty.
The method of determining the fair value of these instruments is therefore of "level 2" type according to IFRS 13 "Evaluation of fair value".

2.32. Dividends

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

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

EVS grants a 2-year technical guarantee on products sold subject to the general conditions of sale. In order to hedge that risk, EVS has recorded on the balance sheet a provision to cover the probable costs on 2 years relating to these technical guarantees.

2.34. Earnings per share

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

3. SEGMENT INFORMATION

3.1. General information

The company applies IFRS 8 ("Operating segments") since the fiscal year ended on December 31, 2007.

From an operational point of view, the company is vertically integrated with the majority of its staff 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 and operating plans, and makes resource allocation decisions on a company-wide basis. Sales relate to products of the same nature (digital broadcast production equipment) and are realized by commercial polyvalent teams. The company's internal reporting is the reflection of the above mentioned operational organization (which is primarily the translation of a new marketing approach), and is characterized by the strong integration of the activities of the company; only sales are identified following three dimensions: by geographical region, by market and by nature.

By consequence, the company is composed of one segment according to the IFRS definition. However, EVS has announced in its press release dd. February 20, 2020 that as from 2020 onwards the segmentation will be modified as the development of the company, its products and its internal performance indicators will require evolution of the segmentation.

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 level of the geographical information, the activities are divided into the following regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA"), and America ("NALA" or "Americas"). This division follows the organization of the commercial and support services within the group, which operates worldwide. A fourth region is dedicated to the worldwide events ("Big sporting events").

The company provides additional information with a presentation of the revenue by destination: "Outside broadcast vans", "Studio and others" and "Big sporting event rentals" for rental contracts relating to the big sporting events of the even years.

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

3.2. Additional information

3.2.1. Information on sales by destination

Revenue can be presented by destination: Outside broadcast vans, Studio & others and Big sporting event rentals. Maintenance and after sale service are included in the complete solution proposed to the clients.

Revenue (EUR thousands)	2019	2018	% 2019/2018
Outside broadcast vans	55,888	54,588	+2.4%
Studio & others	46,166	48,113	-4.0%
Big sporting event rentals	1,346	13,359	-89.9%
Total	**103,400**	**116,059**	**-10.9%**

The order book (to be recognized in revenue in 2020 amounts to EUR 33.4 million as of Dec 31st 2019, which is +87.3% compared to EUR 17.8 million last year at the same date (Dec 31st), and which includes EUR 12.3 million of big event rentals (+18.3% excl. big event rentals). In addition to this order book to be invoiced in 2020, EVS already has EUR 4.4 million of orders to be invoiced in 2021 and beyond.

3.2.2. Information on sales by region

Activities are divided in three regions: Asia-Pacific ("APAC"), Europe, Middle East and Africa ("EMEA") and Americas ("NALA").

3.2.2.1. Revenue

Revenue for 12 months (EUR thousands)	APAC excl. events	EMEA excl. events	Americas excl. events	Big event Rentals	TOTAL
2019 revenue	18,879	47,744	35,431	1,346	103,400
Evolution versus FY18 (%)	-40.3%	+2.7%	+44.0%	-89.9%	-10.9%
Variation versus FY18 (%) at constant currency	-40.3%	+2.7%	+36.9%	-89.9%	-12.4%
2018 revenue	31,601	46,502	24,598	13,359	116,059

Revenue realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total revenue in the period. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in one country: the United States (Americas, EUR 29.1 million in the last 12 months).

3.2.2.2. Long term assets
Considering the explanations given in 3.1, all long term assets are located in the parent company EVS Broadcast Equipment SA in Belgium.

3.2.3. Information on products and services
Revenue can be presented by nature: systems and services.

Revenue (EUR thousands)	2019	2018	% 2019/2018
Systems	89,790	102,484	-12.4%
Services	13,610	13,575	+0.3%
Total Revenue	**103,400**	**116,059**	**-10.9%**

Services include advices, installations, project management, training, maintenance, distant support that are literally included in the invoices.

3.2.4. Information on important clients
In 2019, no external customer of the company accounted for more than 10% of the revenue.

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

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.19	Incorporation method used (1)	Part of capital held as of 31.12.18 (in %) (2)	Part of capital held as of 31.12.19 (in %) (2)	Change in % of capital held
EVS Broadcast Equipment Inc. 700 US 46 East Fllor 3 NJ 07004 Fairfield, USA	1996	23	F	100,00	100,00	0,00
EVS Broadcast México, SA de CV World Trade Center, Cd. De México, Montecito N° 38, Piso 23, Oficina 38, Col. Nápoles, Delegación Benito Juárez, D.F. 03810 México, MEXIQUE RFC: EBM 1106152TA	2011	4	F	100,00	100,00	0,00
EVS France SARL Avenue André Morizet, 62bis F-92100 Boulogne-Billancourt, FRANCE TVA: FR-21419961503	1998	8	F	100.00	100.00	0,00
EVS France Développement SARL Avenue André Morizet, 62bis F-92100 Boulogne-Billancourt, FRANCE TVA: FR-53514021476	2009	5	F	100,00	100,00	0,00
EVS Toulouse SAS 6, rue Brindejonc des Moulinais, Bât. A, F-31500 Toulouse Cedex 5, FRANCE TVA: FR-83449601749	2010	20	F	100,00	100,00	0,00
EVS Italia S.R.L. Via Milano 2, IT-25126 Brescia, ITALIE TVA: IT-03482350174	1998	2	F	100,00	100,00	0,00
EVS Broadcast UK Ltd. Ashcombe House, The Crescent 5, Leatherhead, Surrey KT22 8DY, ROYAUME-UNI TVA: UK-853278896	1999	8	F	100,00	100,00	0,00
EVS Broadcast Equipment Iberica SL Avda de Europa 12-2C, Edificio Monaco, Parque Empresarial la Moraleja 28109 Alcobendas, Madrid, ESPAGNE CIF: B85200236	2007	3	F	100,00	100,00	0,00
EVS Nederland BV Parnassungsweg 819 1082 LZ Amsterdam PAYS-BAS	2008	1	F	100,00	100,00	0,00
EVS International (Swiss) SARL Rue des Arsenaux 9, 1700 Fribourg, SUISSE TVA: CH-21735425482	2009	0	F	100,00	100,00	0,00
EVS Broadcast Equipment Ltd. Room A, @Convoy, 35/F 169 Electric Road, North Point, HONG-KONG	2002	13	F	100,00	100,00	0,00
EVS Broadcast Equipment Singapore PTE. Ltd. Level 8-9, The Metropolis Tower 2 11 North Buona Vista Drive 138589 SINGAPORE	2015	3	F	100.00	100.00	0.00
EVS Australia Pty Ltd. Level 8, 261 George Street Sydney NSW 2000, AUSTRALIE	2007	2	F	100,00	100,00	0,00

EVS Deutschland GmbH Mina-Rees Stra. 8, 64295 Darmstadt, ALLEMAGNE VAT: DE-289 460 223	2013	19	F	100,00	100,00	0,00
EVS Pékin - Bureau de Représentation 2805 Building One, Wanda Plaza, N°93 Jianguo Road 100026 Beijing, CHINE	2005	5	F	N/A	N/A	N/A
EVS Broadcast Equipment Middle East Ltd - Bureau de Représentation Shatha Tower, Office 09, 32nd Floor, Dubai Media City, Dubaï, EMIRATS ARABES UNIS	2006	5	F	N/A	N/A	N/A
EVS Americas Los Angeles – Bureau de représentation 101 South First Street, Suite #404 Burbank, CA 91504, USA	2006	4	F	N/A	N/A	N/A
MECALEC SMD SA Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIQUE N° d'entreprise: BE0467 121 712	1999	29	E	49,50	49,50	0,00

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

5. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

(EUR thousands)	2019	2018
Investment in associates		
Opening balance as at January 1	**1,282**	**1,091**
- Disposals during the year	-	-
- Acquisitions during the year	-	-
- Results	169	223
- Others	-30	-32
Closing balance as at December 31	**1,421**	**1,282**

5.1. Investments in associates

5.1.1. MECALEC SMD SA

MECALEC SMD SA was founded on October 21, 1999 by SA MECALEC (50.5%, not directly or indirectly linked to EVS) and EVS (49.5%). Its subscribed capital is EUR 200 thousand and, therefore, the share of EVS in this company amounts to EUR 99 thousand. This company's main activity is the manufacturing and the assembly of electronic boards, using SMD technology. The registered office is based in Boncelles, close to Liège (Belgium), 5 km from EVS. EVS acquired this interest in order to benefit from shorter delivery times on orders for the assembly of electronic boards. There can be some synergies in R&D and reworking of the production process. The net profit of MECALEC SMD in 2019 amounted to EUR 0.3 million. EVS represented 17.6% of MECALEC SMD's turnover in 2019.

The share of EVS in the 2019 results of MECALEC SMD amounts to EUR 169 thousand and the share of EVS in MECALEC SMD equity amounts to EUR 1,421 thousand.

(EUR thousands)	Dec. 31, 2019	Dec. 31, 2018
Current assets	3,345	2,839
Non-current assets	123	114
Current liabilities	-597	-363
Non-current liabilities	-	-
Net assets	**2,871**	**2,590**
Share of associate's balance sheet (49.5%)	**1,421**	**1,282**
Turnover	3,539	3,193
Net result	341	450
Share of associate's revenue and net result (49.5%)	**169**	**223**
Carrying amount of investment	**1,421**	**1,282**

6. INCOME AND EXPENSES

6.1. Use of non-GAAP financial measures

EVS uses performance measures to supplement the measures defined by IFRS in order to clarify the company's financial performance:

- Gross margin and gross margin rate ;
- Operating result (EBIT) and operating result rate.

These indicators are aggregates that result directly from our presentation of the consolidated income statement as subtotals. We believe these measures are important indicators in our industry, and are widely used by investors, analysts and other audiences.

6.2. Gross margin

(EUR thousands)	2019	2018
Revenue	103,400	116,059
Cost of sales	-29,316	-33,540
Gross margin	**74,085**	**82,519**
Gross margin %	**71.6%**	**71.1%**

The consolidated gross margin was 71.6% in 2019, compared to 71.1% in 2018, due to a more favorable product mix.

6.3. Research and development expenses

Research and development expenses amounted to EUR 22.6 million in 2019 versus EUR 25.4 million in 2018. R&D does not require any considerable investment, since engineers and programmers work directly and mainly on the machines to be sold or on servers for the software development. Moreover, the markets in which EVS operates and which are characterized by a rapid evolution of used technologies and the impossibility to predict future benefits that on-going developments are likely to generate, lead the Board of Directors conclude that the criteria of IAS38.57 were not met. Consequently, development costs incurred in 2019 cannot be capitalized.

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

Since 2015, EVS also benefits from tax credits relating to R&D in France. This amount also comes in deduction of the R&D expenses. In 2019, it amounted to EUR 0.5 million.

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

(EUR thousands)	2019	2018
Gross R&D expenses	25,138	27,937
Benefits relating to R&D expenses	-2,535	-2,513
R&D expenses, net	**22,603**	**25,424**

6.4. Complementary information about operating charges by nature

(EUR thousands)	2019		2018	
Raw materials and consumables used		-16,556		-17,569
Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress		-1,730		-1,623
Personnel expenses		-38,861		-37,029
- Remunerations and salaries	-29,157		-29,522	
- Social security costs	-6,886		-7,024	
- Other personnel expenses	-2,818		-483	
Of which the ones included in:				
- Cost of Sales	-8,686		-8,428	
- S&A costs	-12,715		-11,006	
- R&D costs	-16,930		-16,806	
- Profit sharing plan and warrants	-530		-789	
Average number of employees in FTE	465		496	
Depreciations (1)		-5,483		-3,060
Of which the ones included in:				
- Costs of sales	-1,557		-811	
- S&A costs	-1,892		-1,204	
- R&D costs	-2,034		-1,045	
Increase (-)/decrease (+) in amounts written off		-2,234		-3,783
- Increase (-)/decrease (+) in amounts written off on stocks	-556		-3,070	
- Increase (-)/decrease (+) in amounts written off on trade debtors	-1,678		-713	

(1) As from January 1st, 2019, including IFRS 16

6.4.1. Post-employment benefit

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

In %	Contribution rate
2007	1.00%
2008 to 2010	1.10%
2011	1.77%
2012	1.87%
2013 to 2019	1.97%

The plan is managed by “l’Integrale”. The financing policy is outlined in its annual report.

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

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

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

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

Changes booked in 2019 in the Belgian defined benefit obligation and fair value of plan assets were as follows:

	2019			2018		
In thousands of EUR	Defined benefit obligation	Fair value of plan assets	**Net defined benefit liability**	Defined benefit obligation	Fair value of plan assets	**Net defined benefit liability**
As of January 1	**5,640**	**-5,581**	**59**	**4,631**	**-4,581**	**50**
Service cost	898	-	898	845	-	845
Administrative costs		23	23		22	22
Net interest expenses	109	-117	-8	81	-88	-7
Other	30	-29	1			
Sub-total included in profit or loss	**1,037**	**-123**	**914**	**926**	**-66**	**860**
Benefits paid	-141	141	-	-123	123	-
Return on plan assets	-	46	46	-	-31	-31
Actuarial changes (assumptions) of which:						
Arising from changes in demographic assumptions	-	-	-	-	-	-
Arising from changes in financial assumptions	*584*	-	*584*	*-16*	-	*-16*
Arising from changes in methodology	-	-	-	-	-	-
Arising from experience adjustments	*98*	-	*98*	*221*	-	*221*
Sub-total included in OCI	**682**	**46**	**728**	**206**	**-31**	**175**
Contributions by employer	-	-1,018	-1,018	-	-1,026	-1,026
As of December 31	**7,218**	**-6,535**	**683**	**5,640**	**-5,581**	**59**

The fair value of plan assets are fully invested in insurance policies.

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

In %	**2019**	**2018**
Discount rate	1.05%	1.94%
Future salary increases (incl. consumer price increases)	2.00%	2.00%

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

(EUR thousands)	**2019**
Discount rate	
0.25% decrease	-325
0.25% increase	+278
Future salary evolution	
0.25% decrease	+98
0.25% increase	-105

The sensitivity analysis above has been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in one key assumption occurring at the end of the reporting period, keeping all other assumptions constant.

These may not be representative for an actual change in the defined benefit obligation, as it is unlikely that changes in assumptions would occur in isolation of one another.

The expected contributions to the plan for the next annual reporting period amounts to EUR 1,044 thousands. The average duration of the defined benefit plan obligation is 21.5 years.

The following payments are the expected benefit payments from the plan assets:

(EUR thousands)	**2019**
Within the next 12 months	10
Between 2 and 5 years	83
Between 5 and 10 years	408
Total expected payments	**501**

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

6.5. Financial revenues/(costs)

(EUR thousands)	2019	2018
Interest charges [(1)]	-604	-363
Interest income on deposit	38	66
Exchange result	180	80
Other financial results	115	43
Other financial income/(expenses)	**-270**	**-174**

(1) As from January 1st, 2019, including interests on lease liabilities according to IFRS 16.

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

6.6. Other income and expenses

In 2018, other operating income included various other income partially offset by a loss on the sale of one the building held for sale (EUR 0.2 million).

In 2019, a total amount of EUR 170 thousands corresponding to the taxes paid on real estate has been reclassified from other operating costs into the administrative expenses.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2019 and 2018 is mainly made of:

(EUR thousands)	2019	2018
Current tax charge		
Effective tax charge	-1,249	-2,208
Adjustments of current tax related to prior years **	-3,040	7,175
Deferred taxes		
Tax effects of temporary differences	984	2,075
- Fixed assets depreciation, including reevaluation of buildings	-254	597
- Intangibles (R&D investment deductions) *	-572	-52
- Adjustments for IAS 19	-27	3
- Adjustments for the carry-over taxation for gains on building disposals	51	-397
- Adjustments for IFRS 9	16	22
- Reported tax losses	1,723	1,921
- Provisions	28	-
- Others	4	-19
Income taxes included in the income statement	**-3,320**	**7,042**

* see also paragraph 5 in the financial report, on deductions relating to R&D investments.
** see also paragraph 7.2 for comments related to IFRIC 23.

The variation in taxes on the balance sheet at December 31, 2019 compared to December 31, 2018, results in a net increase in deferred tax position of EUR 1,167 thousand.

7.2. Reconciliation of the tax charge

The effective tax charge of the group obtained by applying the effective tax rate to the pre-tax profit of the group, has been reconciled for 2018 and 2019 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2019	2018
Reconciliation between the effective tax rate and the theoretical tax rate		
Profit before taxes and share in the result of the enterprise accounted for using the equity method	22,759	27,890
Effective tax charge based on the effective tax rate	-3,320	7,042
Effective tax rate	**14.6%**	**-25.3%**
Reconciliation items for the theoretical tax charge		
Tax effect due to the carry-over taxation for gains on buildings disposals in the statutory accounts		
Impact of earn-out debt reversal	-	-
Tax effect of deduction for notional interest	-	-29
Tax effect on R&D investment deductions	-1,426	-1,219
Tax effect of non-deductible expenditures	408	344
Tax effect due to the usage of tax losses	-	-153
Tax effect on innovation deduction	-5,932	-4,782
Tax effect on innovation deduction (catch-up from previous years)	-	-6,553
Tax effect of previous years adjustments	3,034	-779
Other increase/(decrease)	793	-481
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-6,443	-6,609
Theoretical tax rate	**28.3%**	**23.7%**

The tax charge for FY2019 includes an adjustment of the tax costs related to prior years for a total amount of EUR 3 million including accruals for uncertainties over income tax treatments according to the new interpretation IFRIC 23, effective 1 January 2019.

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Other tangible assets	-	24	-	28
Buildings revaluation	-	1,312	-	1,054
R&D Intangibles	4,803	-	5,375	-
Leases (IFRS 16)	-	-	-	-
Defined benefit plan provision	171	-	15	-
Accounts receivables impairment	51	-	35	-
Carry-over taxation for gains	-	966	-	1,017
Recoverable tax loss	3,800	-	2,077	-
Deferred income / Accrued charges		-		19
Provisions for risks and charges	28	-	-	-
Total	**8,853**	**2,302**	**7,502**	**2,118**
Net booked value	**6,570**	**19**	**5,428**	**44**

Deferred taxes are booked “net” in accordance with the valuation rules of the group because they relate to income taxes levied by the same taxation authority and the authority allows the compensation.

8. EARNING PER SHARE

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

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

(EUR thousands)	2019	2018
Net profit	19,608	35,155
- attributable to non-controlling interests	-	-
- attributable to equity holders of the parent company	**19,608**	**35,155**

	2019	2018
Weighted average number of subscribed shares, excluding treasury shares	14,016,921	13,531,196
Dilution effect of the weighted average number of the share options in circulation	-	-
Weighted average number of fully diluted number of shares	**14,016,921**	**13,531,196**
Basic earnings per share (EUR)	**1.40**	**2.60**
Diluted earnings per share (EUR)	**1.40**	**2.60**

Diluted earnings per share is equal to basic earnings per share because the 138,999 warrants outstanding at the end of December 2019 were not exercisable as their exercise prices were lower than the average market price of EVS shares during 2019. The number of treasury shares held at 31 December 2019 was 400,180 compared to 151,724 at 31 December 2018. The weighted average number of treasury shares held in 2019 was 310,103 compared to 105,344 in 2018.

9. DIVIDENDS PAID AND PROPOSED

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

(EUR thousands, gross amount)	Coupon #	Declaration date	2019	2018
Paid during the year :				
- Final dividend for 2017 (EUR 0.50 per share excl. treasury shares)	26	Mai 2018	-	6,758
- Interim dividend for 2018 (EUR 0.50 per share excl. treasury shares)	27	Nov. 2018	-	6,749
- Final dividend for 2018 (EUR 0.50 per share excl. treasury shares)	28	Mai 2019	6,646	-
- Interim dividend for 2019 (EUR 0.50 per share excl. treasury shares)	29	Nov. 2019	6,914	-
Total paid dividends			**13,560**	**13,507**

(EUR thousands)	2019	2018
Proposed for approval at the OGM :		
- Total dividend for 2018 (EUR 1.00 per share incl. interim dividend)	-	13,395
- Proposed dividend for 2019 (EUR 0.50 per share incl. interim dividend)	6,914	-
Total	**6,914**	**13.395**

10. GOODWILL

(EUR thousands)	TOTAL
Acquisition cost	
As of December 31, 2018	**1,945**
- Acquisitions	-
- Sales and disposals	-
As of December 31, 2019	**1,945**
Accumulated impairment	
As of December 31, 2018	**820**
- Impairment	-
- Sales and disposals	-
As of December 31, 2019	**820**
Net carrying amount	
As of December 31, 2018	**1,125**
As of December 31, 2019	**1,125**

Goodwill is the difference between the cost of an acquisition and the share of the acquirer's interest in the net fair value of the identifiable assets, certain liabilities and eventual liabilities. The goodwill is not depreciated but is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The value in use of the Cash Generating Unit (CGU) is calculated from the present value of the cash flows included in the business plan of SVS, in accordance with IAS 36.

10.1. SVS

In May 2013, EVS acquired a minority stake (25.1% of the voting shares) in SVS GmbH, a private company based in Germany ("SVS") whose principal activity is the research and development of network-based technology.

In December 2014, EVS acquired the remaining 74,9% it didn't own in SVS, for an amount of EUR 1.0 million paid in cash, and a possible future earn out based on the performance over the 2015-2020 period.

At December 31, 2014, goodwill amounted to EUR 1.1 million and has not changed after the acquisition of the remaining shares due to the fact EVS has already the global effective control with the first acquisition of the minority share in 2013.

The main factors leading to the recognition of goodwill were:
- The presence of certain intangible assets, such as the knowhow of the staff acquired, which do not qualify for separate recognition;
- Expected synergies and other benefits from combining the assets and activities of SVS with those of the group.

Goodwill has been subject to an impairment test that didn't reveal the necessity to act a write-off on December 31, 2019. The basis on which the value of the cash generating unit was determined is the value in use. The cash flows have been projected over a period of 5 years and are exclusively based on long-term forecasts developed by the management and more specifically on the sale of SVS products. Beyond this 5-years period, a perpetual growth of 0% has been considered and a rate of 6.9% corresponding to the weighted average cost of capital of the company has been used to discount those flows.

A reasonable change of the discount rate used wouldn't generate any write-off to be recognized.

11. OTHER INTANGIBLE ASSETS

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2017	**2,581**	**2,707**	**5,288**
- Acquisitions	-	290	290
- Sales and disposals	-	-	-
- Transfers	-	52	52
- Other	-	3	3
As of December 31, 2018	**2,581**	**3,052**	**5,633**
Accumulated depreciation			
As of December 31, 2017	**-2,581**	**-2,416**	**-4,997**
- Depreciations	-	-190	-190
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Other	-	-3	-3
As of December 31, 2018	**-2,581**	**-2,609**	**-5,190**
Net carrying amount			
As of December 31, 2017	**-**	**291**	**291**
As of December 31, 2018	**-**	**443**	**443**

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2018	**2,581**	**3,052**	**5,633**
- Acquisitions	-	25	25
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Other	-	3	3
As of December 31, 2019	**2,581**	**3,080**	**5,661**
Accumulated depreciation			
As of December 31, 2018	**-2,581**	**-2,609**	**-5,190**
- Depreciations	-	-295	-295
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Other	-	-3	-3
As of December 31, 2019	**-2,581**	**-2,907**	**-5,488**
Net carrying amount			
As of December 31, 2018	**-**	**443**	**443**
As of December 31, 2019	**-**	**173**	**173**

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

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2017	**50,494**	**2,618**	**13,863**	**177**	**67,152**
- Acquisitions	70	121	1,085	33	1,309
- Sales and disposals	-7,821	-	-1	-	-7,822
- Variation in consolidation scope	-	-	-	-	-
- Transfers	4,050	-20	109	-177	3,962
- Other	5		8	-	13
As of December 31, 2018	**46,798**	**2,719**	**15,064**	**33**	**64,614**
Accumulated depreciation					
As of December 31, 2017	**-4,800**	**-2,455**	**-11,186**		**-18,441**
- Depreciations	-1,491	-196	-1,182	-	-2,869
- Sales and disposals	4,296	-	1	-	4,297
- Variation in consolidation scope	-	-	-	-	-
- Transfers	-	-	-	-	-
- Other		-			
As of December 31, 2018	**-1,995**	**-2,651**	**-12,367**	**-**	**-17,013**
Net carrying amount					
As of December 31, 2017	**45,694**	**163**	**2,677**	**177**	**48,710**
As of December 31, 2018	**44,803**	**68**	**2,697**	**33**	**47,601**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**44,803**	**-**	**-**	**33**	**44,836**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2018	**46,798**	**2,719**	**15,064**	**33**	**64,614**
- Acquisitions	13	996	288	52	1,349
- Sales and disposals	-1,020	-	-	-	-1,020
- Change in accounting principles (IFRS 16)	8,332	2,528	-	-	10,860
- Variation in consolidation scope	-	-	-	-	-
- Transfers	-	-	-	-	-
- Other	99	14	66	-	179
As of December 31, 2019	**54,222**	**6,257**	**15,418**	**85**	**75,982**
Accumulated depreciation					
As of December 31, 2018	**-1,995**	**-2,651**	**-12,367**		**-17,013**
- Depreciations	-2,948	-1,274	-966	-	-5,188
- Sales and disposals	-	-	-	-	-
- Variation in consolidation scope	-	-	-	-	-
- Transfers	-	-	-	-	-
- Other	-	-11	-62		-73
As of December 31, 2019	**-4,943**	**-3,936**	**-13,395**	**-**	**-22,274**
Net carrying amount					
As of December 31, 2018	**44,803**	**68**	**2,697**	**33**	**47,601**
As of December 31, 2019	**49,279**	**2,321**	**2,023**	**85**	**53,708**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**43,221**	**-**	**-**	**85**	**43,307**

Following the rapid growth of the Belgian teams spread into six different buildings in the Liège Science Park, EVS started to build a new facility at the end of 2011 near the existing site (finished in 2015). Investments for this new building were made since 2011 until the end of 2018 for an amount of EUR 57,3 million in total (excluding subsidies), of which EUR 0.1 million were made in 2018.

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

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

The group policy is to finance its buildings through equity and through long term loans (see note 20).

The impact of IFRS 16 for Leases affected the statement of profit or loss for the twelve months ended 31 December 2019 as follows:

	FY19
Depreciation expense (in Cost of sales)	782
Depreciation expense (in Selling and administrative expenses)	833
Depreciation expense (in Research and Development expenses)	939
Rent expenses (in Cost of sales, sales and R&D expenses)	-2,860
Operating profit	**306**
Finance costs	-290
Income tax expenses	-15
Profit for the period	**1**

The carrying amounts of right-of-use assets, lease liabilities and the movements for the twelve months ended 31 December 2019:

(EUR thousands)	Land and buildings	Other tangible assets	Total	Lease liabilities
As at 1 January 2019	**8,332**	**2,528**	**10,860**	**10,921**
Additions	13	929	942	942
Disposals	-1,020		-1,020	-1,020
Depreciation expenses	-1,363	-1,191	-2,554	-
Interest expenses	-	-	-	290
Conversion differences	96	-	96	96
Payments	-	-	-	-2,860
As at 31 December 2019	**6,059**	**2,266**	**8,325**	**8,370**

The statement of cash flows for the twelve months ended 31 December 2019 is affected as follows:

	FY19
Net cash flow from operating activities	2,860
Net cash flow from financing activities	-2,860
Net increase in cash and cash equivalents	**0**

13. LONG TERM FINANCIAL ASSETS

(EUR thousands)	Subordinated loans	Other financial assets	TOTAL
Net carrying amount as of Dec. 31, 2017	**-**	**273**	**273**
- Refunded/converted during the year	-	-	-
- Acquired during the year	-	14	14
- Result	-	-	-
- Others	-	-	-
Net carrying amount on Dec. 31, 2018	**-**	**287**	**287**
Net carrying amount as of Dec. 31, 2018	**-**	**287**	**287**
- Refunded/converted during the year	-	-42	-42
- Acquired during the year	-	104	104
- Result	-	-	-

- Others	-	4	4
Net carrying amount on Dec. 31, 2019	**-**	**353**	**353**

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

14. INVENTORIES

(EUR thousands)	December 31, 2019	December 31, 2018
Raw materials	16,319	15,724
Finished goods	22,701	21,036
Goods purchased for resale	977	859
Total at cost	**39,997**	**37,619**
Cumulated amounts written off at the beginning of the period	**-22,506**	**-19,293**
Reversal/use of the amounts written off, net	-594	-3,070
Exchange rate difference	-74	-143
Cumulated amounts written off at the end of the period	**-23,174**	**-22,506**
Total net carrying amount	**16,823**	**15,113**

Write-offs movements on inventories, which were valued at EUR 0.6 million in 2019 and at EUR 3.1 million in 2018, are accounted as charges in the costs of sales. These write-offs concern technologically obsolete stock items and the decrease in 2019 compared to 2018 is explained to a large extent by a range of products classified as end of life at the end of 2018.

15. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2019	December 31, 2018
Trade receivables	37,969	29,852
Finance lease receivables	3,118	4,731
Write offs on receivables	-3,546	-1,769
Net trade receivables	*37,541*	*32,814*
Other amounts receivable	3,659	2,311
Deferred charges and accrued income	2,412	1,331
Total	**43,611**	**36,456**

Trade receivables are non-interest bearing and are generally on 90-day terms. According to the group terms and conditions, the unpaid invoices at their term could result in a 1.50% monthly interest rate.
For receivables overdue with more than 90 days, the group recognizes a portion of these receivables in doubtful accounts based on an estimate from past experience of default of payment of the customer and its financial situation. These doubtful accounts are booked in the "Selling and Administrative expense" line.

As of December 31, 2019, an amount of EUR 4.1 million (EUR 4.0 million on 31/12/2018) within trade receivables was overdue with more than 90 days from which EUR 3.5 million are subject of write-downs following credit quality of trade receivables. Movements of write-offs in 2018 and 2019 are as follows:

(EUR thousands)	2019	2018
Write-offs on trade receivables		
Value as of January 1	**1,769**	**1,115**
- Write-offs during the year	1,678	712
- Releases of write-offs during the year	-	-
- Amounts paid down during the year	-	-
- Other	99	-58
Value as of December 31	**3,546**	**1,769**

According to IFRS 9, the following provision matrix has been used to calculate the amount of impairment allowance as of 31 December 2019.

(EUR thousands)	Trade receivables					
Write-offs on trade receivables	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.06%**	**0.30%**	**0.94%**	**1.65%**	**1.40%**	
Total gross carrying amount	19,571	8,978	1,243	485	4,305	34,582
Expected credit loss as of Dec 31 2018	**12.0**	**27.1**	**11.7**	**8.0**	**60.3**	**119.1**

(EUR thousands)	Trade receivables					
Write-offs on trade receivables	**Current**	**<31 days**	**31-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.13%**	**0.29%**	**0.55%**	**1.56%**	**3.43%**	
Total gross carrying amount	30,857	2,646	2,814	701	4,069	41,087
Expected credit loss as of Dec 31 2019	**41.6**	**7.5**	**15.5**	**11.0**	**139.5**	**215.1**

15.1. Finance lease receivables

(EUR thousands)	2019	2018
Gross receivable – future lease payments under finance lease		
Within one year (current finance lease)	1,495	2,594
After one year but no longer than five years (non-current finance lease)	994	2,576
Less: unearned finance income	-127	-439
Present value of future lease payments		
Within one year (current finance lease)	1,403	2,407
After one year but no longer than five years (non-current finance lease)	959	2,324

The group enters into finance leasing arrangements for some of its equipment. The term of finance leases entered into is maximum four years.
The value of the conditional purchase options of the assets leased under finance leases is estimated at EUR 0.2 million.

The interest rate inherent in the finance leases is fixed at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at December 31, 2019 is 5.5%.

The financial revenues generated by the finance leases are booked in the interest revenues, as explained in note 6.5.

15.2. Contract balances

(EUR thousands)	December 31, 2019	December 31, 2018
Contract assets	1,078	2,035
Contract liabilities	276	2,523

Invoiced advances for construction contracts amounted to EUR 0.3 million at December 31, 2019, compared to EUR 2.5 million at the end of 2018. Revenues relating to work in progress during 2019 amounted to EUR 1.1 million (EUR 2.0 million in 2018). The difference between these two amounts, EUR 0.8 million, is booked in the balance sheet.

16. OTHER CURRENT FINANCIAL ASSETS

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

17. CASH AND CASH EQUIVALENTS

(EUR thousands)	December 31, 2019	December 31, 2018
Cash at bank and in hand (not remunerated)	5,133	20,652
Short-term deposits and remunerated cash accounts	53,877	47,830
Total	**59,010**	**68,482**

The short term deposits run from overnight to less than six months periods according to the group's immediate cash requirements and pay at the different rates of the short term deposits. EVS also receives interests on some of its cash accounts.

18. NON CURRENT ASSETS HELD FOR SALE

At the end of December 2019, there were no Non-current assets held for sale.

19. OWNER'S EQUITY

19.1. Movements in issued capital

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

Date	Description	Number of shares	Capital (EUR)
17.02.1994	Constitution	1,000	30,987
25.04.1996	Incorporation of reserves	-	90,481
25.04.1996	Issuing of 100 shares at EUR 892 per share,	100	12,147
	including a share premium of EUR 771 included in capital		77,095
		1,100	**210,710**
06.06.1997	Incorporation of reserves	-	242,440
06.06.1997	Issuing of 172 shares, at EUR 4,338 per share,	172	70,855
	including a share premium of EUR 3,926		675,304
		1,272	**1,199,309**
25.09.1998	**Stock split by 2,000:1**	**2,544,000**	**1,199,309**
14.10.1998	Initial Public Offering	+ 200,000	94,284
	Incorporation of share premium		7,342,522
		2,744,000	**8,636,115**
07.09.1999	Issuance of 119,952 shares for exchange with NETIA shareholders	119,952	7,197,120
	Incorporation of reserves		166,765
		2,863,952	**16,000,000**
25.05.2003	Treasury shares cancellation	-63,952	-
		2,800,000	**16,000,000**
24.02.2004	Capital reimbursement	-	-8,137,521
15.03.2004	Issuance of 15,000 shares after the exercise of warrants	15,000	480,000
		2,815,000	**8,342,479**
09.05.2005	**Stock split by 5:1**	**14,075,000**	**8,342,479**
19.06.2006	Treasury shares cancellation	-200,000	-
12.06.2009	Treasury shares cancellation	-250,000	-
26.12.2018	Issuance of 702,024 shares	702,024	429,844
Capital on	**December 31, 2019**	**14,327,024**	**8,772,323**

19.2. Issued capital and treasury shares

As of December 31, 2019, the issued capital of EVS amounts to EUR 8,772,323 and is represented by 14,327,024 fully paid up shares without designation of nominal value. EVS complies with the legal requirements relating to the capital (articles 7:177 to 7:229 of the Belgian Companies and Association Code).

As of December 31, 2019, 138,999 issued warrants with an average exercise price of EUR 28.90 per share are exercisable until December 2022. From time to time, the company uses a portion of the capital for staff retention and motivation through a plan of warrants.

The management estimates that the level of capital of EVS is sufficient, as shareholders' equity represents 77.4% of the total balance sheet at the end of 2019.

The EVS Group strives to maintain a strong liquidity position and not to rely excessively on external financing. In addition, the Group has a dividend distribution policy allowing its shareholders to be remunerated in a significant manner, without compromising the Group's cash position and its financial independence. In its decisions to finance or decide on the distribution of dividends, EVS considers the overall level of its shareholders 'equity. Compared to 2018, shareholders' equity increased by EUR 0.4 million and the ratio of financial independence (total equity compared with the total financial position of the group) stands at 77.4% compared to 80.1% at the end of 2018.

19.3. Authorized capital

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

19.4. Staff incentive program

19.4.1. Warrants scheme

Since December 1999, the company has set up a stock options/warrants scheme for the group's employees and managers. In accordance with the fiscal legislation in force, the scheme has a minimum scope of 3 to 4 years between the granting and effective exercise of a warrant. This warrant distribution policy has been set up in order to gain the loyalty of the members of personnel and to allow them to participate in the results of the company. EVS hedges this program through the buy-back of its treasury shares on the stock market. The Board has the authorization from the Extraordinary General Meeting to proceed to these buy-backs. In view of the 138,999 warrants outstanding at the end of 2019 (183,500 at the end of 2018), the dilution effect represents 1.0% of the share capital, this being largely covered by the 400,180 treasury shares, which represent 2.8% of the number of diluted shares. The voting right and the right to the dividend are suspended during such time as the shares are held by the company. The warrants are granted at an underlying share value corresponding to the average share price of the last 30 days preceding the grant. When the warrants are exercised, the Board of Directors may choose to either issue new shares or to grant treasury shares previously acquired by the company (for this reason, warrants are qualified as “sui generis”).

During the Extraordinary General Meetings of September 7, 1999 and May 16, 2000, 400,000 warrants (amount recalculated after the share split in 2004) were issued in favor of the personnel of the EVS Group. The Extraordinary General Meeting of May 21, 2002 issued 350,000 additional warrants, the EGM of June 7, 2010 issued 250,000 warrants, the EGM of December 5, 2011 issued 350,000 warrants, the EGM of September 24, 2013 issued 25,000 warrants and cancelled 70,000 warrants and the EGM of December 4, 2017 issued 250,000 warrants, in order to bring the total number to 1,555,000. As of December 31, 2019, 1,309,650 of these warrants had been distributed, 626,350 exercised and 544,301 cancelled following departures or repurchased following sales of subsidiaries, which means that 138,999 can be exercised as of December 31, 2019. As a result, 245,350 warrants are still available for distribution by the Board of Directors. The weighted average maturity is December 2022. These warrants may be exercised between now and December 2022. They have an average exercise price of EUR 28.90 per share. In the course of 2019, no warrants were distributed, no warrants were exercised and 44,501 were cancelled following the departure of personnel. The Board of Directors determines the grant, withholding and exercise conditions of the warrants, either through issuance of new shares or by allocation of existing shares (warrants are qualified as “sui generis”).

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

	2019		2018	
	Number	**WAPP (EUR)**	**Number**	**WAPP (EUR)**
In circulation at the beginning of the period	**183,500**	**30.74**	**232,900**	**35.53**
Granted during the period	-	-	-	-
Exercised during the period (1)	-	-	-	-
Cancelled during the period	-44,501	36.49	-49,400	53.53
In circulation at the end of period	**138,999**	**28.90**	**183,500**	**30.74**

(1) The average share price (closing) during the exercise period in 2018 was EUR 21.54.

The warrants in circulation as of December 31, 2019 and exercisable over the next years are as follows:

Expiry date	Exercise prices (EUR)	Number on December 31, 2019	Number on December 31, 2018
2019	Between 36.81 and 45.71	-	41,500
2022	28.90	138,999	142,000
Total	**Between 28.90 and 45.71**	**138,999**	**183,500**

In accordance with IFRS 2, the warrants are valued on the grant date in order to be charged over the useful life of the warrant (a vesting period, which is usually 3 years). The Black & Scholes model has been used coherently for this valuation, on the basis of volatilities, yield of historical and/or expected dividends. The key parameters in the Black & Scholes model are the volatility of EVS share (calculated in 400 days with Bloomberg, between 20% and 40%, between 2006 and 2016), the interest rate without risk (taken between 0% and 5%) and the dividend return (taken between 2.5% and 7.0%). The economic value (IFRS) of the options according to this calculation method is between 12% and 30% of the underlying share.

19.4.2. Profit sharing plan

In order to thank, develop loyalty and especially encourage the teams of the group and in accordance with the related law, a profit sharing scheme will be proposed. The Ordinary General Meeting of May 19, 2020 approved a profit sharing scheme in the form of a grant of EVS Broadcast Equipment SA shares relating to the appropriation of the year 2019. Taking into account tax implications for the company, this grant relates to 54 shares (net of taxes) for all employees hired by the group before January 1, 2020, proportionally to the effective time performance (or assimilated) in 2019. This represents around 16,308 shares in total to maximum 350 group's employees.

The cost relating to the profit sharing plan is included in the "Stock based compensation and ESOP plan" account in the consolidated income statement.

19.5. Treasury shares

During the Extraordinary General Meeting of December 4, 2017, the authorization to buy back own shares has been modified in Article 10, Paragraph 2, clause 1 of the statutes as follows "According to article 620, section 1, paragraphs 1 to 4 of the Companies Code, the Board of Directors is authorized (…) to acquire up to 10% of the outstanding shares of the company at a minimum unit price that will not be below 20% the lowest share price of the last 12 months, and at a maximum unit price not higher than 20% above the highest closing stock market price of the company's shares on Euronext Brussels during the 20 trading days preceding such acquisition. Such authorization is granted for a period of 5 years as from the day of the publication in the Appendices of the Official Belgian Gazette of the decision of the Extraordinary General Meeting of December 4, 2017 and extends to the acquisition of shares of the company by its direct subsidiaries, as such subsidiaries are defined by legal provisions on acquisition of shares of the parent company by its subsidiaries."

On October 24, 2018, EVS announced the launch of a share buyback program of a maximum EUR 10 million. Between October 25, 2018 and December 31, 2019, EVS has bought 321,532 shares at an average price of EUR 20.9738, representing in total EUR 6,743,733.

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 21, 2019 approved the allocation of 14,496 shares to EVS employees (grant of 47 shares to each staff member in proportion to their effective or assimilated time of occupation in 2018) as a reward for their contribution to the group successes.

After aforementioned transactions the total number of own shares amounts to 400,180 shares (including 93,144 shares already held by the company) as of December 31, 2019 (at an average historical price of EUR 24.81) compared to 151,724 as of December 31, 2018.

In 2019, the number of treasury shares moved in number and in weighted average prices (WAP) as follows:

	2019		2018	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
At the beginning of the period	**151,724**	**31.31**	**105,771**	**38.18**
Buy back on the market	262,952	21.11	58,580	20.38
Sales on the market	-		-	
Treasury shares cancellation	-		-	
Sales linked to the staff incentive program	-14,496	25.73	-12,627	38.18
At the end of the period	**400,180**	**24.81**	**151,724**	**31.31**

19.6. Reserves

(EUR thousands)	December 31, 2019	December 31, 2018
Legal reserves	999	956
Reserves available for distribution	131,222	135,645
Reserves for treasury shares	-9,927	-4,750
Reserves	**132,221**	**131,851**

19.6.1. Reserves for treasury shares

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

19.7. Translation differences

In accordance with the group's evaluation rules, for the EVS Inc. subsidiary which operates in USD, at the closing date, the assets and liabilities are converted into the group's reporting currency (EUR) at the exchange rate in force on the reporting date, capital and reserves are converted at historical exchange rate, and the income statement is converted at the average exchange rate of the period. The translation differences resulting from this conversion are directly recognized under a distinct heading of equity.

20. LOANS

(EUR thousands)	December 31, 2019	December 31, 2018
Long term financial debts		
Bank loans	-	4,050
Long term lease liabilities	6,070	376
Other long term debts	692	68
Amount due within 12 months (shown under current liabilities)		
Bank loans	4,050	5.250
Long term lease liabilities	2,675	243
Other short term debts	-	-
Total financial debt (short and long-term)	**13,488**	**9,987**
The total financial debt is repayable as follows :		
- within one year	6,725	5,493
- after one year but no more than five	6,762	4,494
- more than five years	-	-

20.1. Credit lines

As of December 31, 2019, the group had been granted by its banks EUR 5.4 million available credit lines (excl. building financing), which can be used either as cash provisions, as short term fixed advances and as guarantees. EUR 0.6 million of these credit lines were used for bank guarantees, mainly for international public tenders, or as security deposit.

20.2. Bank loans relating to buildings

The group's policy is to hold its own buildings and to finance them, through equity or long term loans. The open long term bank loans as of December 31, 2019 have the following details:

(EUR thousands)	Bank	Nominal value	Maturity	Effective interest rate	Remaining balance	Net book value	Guarantee on asset
Bank loans :							
- New headquarter	BELFIUS	5,400	2020	Fixed 0.61%	1,350	44,900	5,400
- New headquarter	ING	5,400	2020	Fixed 0.83%	1,350	44,900	6,598
- New headquarter	ING	6,000	2019	EUR 6M + 1,05%	-	44,900	-
- New headquarter	BNP	5,400	2020	Fixed 0.80%	1,350	44,900	6,600
TOTAL		22,200			4,050		

On November 14, 2013, a total of EUR 24 million of long-term borrowings over 7 years was subscribed by the company with 3 major banks (the European Investment Bank for 50% through the GFI initiative, ING 25%) and BNPPF (25%), in order to partially finance its new headquarters and operations under construction, all of which had been drawn. EVS began repaying these loans, and will continue to do so gradually until 2020. In 4Q16, EVS benefited from low interest rates to reorganize (without change in the aggregate amount and without associated costs) and to simplify some of its credit lines relating to the financing of the new head office. Following this, EVS now has 3 loans of EUR 5.4 million at Belfius, ING and BNP Paribas Fortis, all of which expire in 2020. The lines at Belfius and ING are hedged by interest rate swap contracts to set the interest rate until maturity in 2020. In 2019, EUR 5.2 million were repaid.

EVS granted a mortgage mandate on the new building to the banks for a total amount of EUR 19 million. The credit is amortized and may be repaid before its final maturity without significant penalty.

Conventions for these bank loans contain certain covenants that are monitored by the management of EVS. On December 31, 2019 they were fully met.

20.3. Other long term debt

On the EVS balance sheet as of December 31, 2014, an amount of EUR 2.2 million had been recognized in “other long term debts”, to reflect the best current estimate of the contingent consideration at the acquisition date incurred in connection with the acquisition of SVS. The best estimate of the future "earn out" was calculated taking into account the probabilities of 3 possible scenarios on the evolution of future business plan related to the sale of products developed by SVS. The liability of EUR 2.2 million corresponded to the estimated discounted future payments based on the operating income associated with this activity, according to the probabilities of the scenarios.

In 2017, this contingent consideration (potential earn-out following the acquisition of SVS at the end of 2014) was reversed.

As of December 31, 2019, EVS has performed a remeasurement of the liability based on an updated business plan and associated updated financial assumptions. This remeasurement confirms that the recognition of the contingent consideration is not justified anymore.

20.4. Liabilities from financing activities

			Non-cash changes		
In thousands of Euro	**1 January 2018**	**Cash flows**	**Foreign exchange movements**	**Other**	**31 December 2018**
Long-term borrowings	9,300	-5,250	-	-	4,050
Short-term borrowings	5,250	-	-	-	5,250
Lease liabilities	-	619	-	-	619
Total liabilities from financing activities	**14,550**	**-4,631**	**-**	**-**	**9,919**

			Non-cash changes		
In thousands of Euro	**1 January 2019**	**Cash flows**	**Foreign exchange movements**	**Other**	**31 December 2019**
Long-term borrowings	4,050	-4,050	-	-	-
Short-term borrowings	5,250	-1,200	-	-	4,050
Lease liabilities	11,540	-2,891	96	-	8,746
Total liabilities from financing activities	**20,840**	**-8,141**	**96**	**-**	**12,796**

21. PROVISIONS

(EUR thousands)	Other provisions	Technical warranty	Total
Provisions			
As of January 1, 2019	831	1,274	2,105
Arising during the year	157	65	222
Utilized	-385	-	-585
Reversed	-306	-	-106
Others	-	-	-
As of December 31, 2019	**297**	**1,339**	**1,636**
Current 2018	-	-	-
Non-current 2018	831	1,274	2,105
Current 2019	-	-	-
Non-current 2019	297	1,339	1,636

The litigation provisions are registered in the consolidated accounts and correspond to disputes mainly in relation with commercial or people related matters, whose outcome is still unknown. The amounts allocated to the provisions are measured according to the best knowledge of the management with regard to these disputes and their reasonability is discussed with the group’s lawyers.

A provision is booked since 2012 to cover two-year technical standard warranties on the equipment sold as from the delivery, as stated in our general terms and conditions. This provision, with an undefined term, has been reevaluated quarterly, based on a historical analysis of the costs incurred over the years to cover two years of costs associated with these warranties. The end 2019 estimate represented an amount of EUR 1.3 million.

22. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2019	December 31, 2018
Trade payables	4,870	4,897
Amounts payable linked	-	-
Other related parties	-	-
Total trade payables	*4,870*	*4,897*
Other payables	2,499	866
Accrued charges	708	1,462
Deferred income	5,468	5,688
Total	**13,545**	**12,913**

Trade payables are non-interest bearing and are normally settled on 45-day terms. Other trade payables mainly consist of advances received from customers.

23. COMMITMENTS AND CONTINGENCIES

23.1. Operating lease commitments

The group holds operating leases on most of the vehicles of its fleet. These leases have an average life time between 3 and 5 years. The expenses relating to the rental part of these leases amounted to EUR 2.7 million in 2018. As of January 1st, 2019, the group has applied IFRS 16 Leases and we refer to the accounting principles and the adoption of new standards as of 2019 for more explanation.

23.2. Commitments relating to technical guarantee in respect of sales

Generally, EVS Group grants a 2-year technical guarantee on products sold subject to the general conditions of sale. We should note that, at the end of 2019, a provision of EUR 1.3 million is booked in relation with this warranty, as explained in the note 21.

23.3. Bank guarantees

Bank guarantees amounted to EUR 0.6 million as of December 31, 2019 mainly requested as part of international public tenders, or as security deposit.

23.4. Contractual guarantees

Contractual guarantees were established for the benefit of contracting persons/partners for a maximum potential amount of EUR 1.0 million at December 31, 2019.

23.5. Guarantees on asset

Mandates from mortgage with banks were granted for EUR 19 million for the loan of EUR 19.8 million (available to partially fund the new headquarters of the group, under construction as explained in note 20.2).

23.6. Other guarantees and contingencies

No guarantee to be mentioned.

24. RELATED PARTY DISCLOSURES

24.1. Affiliates

The consolidated financial statements include the financial statement of EVS Broadcast Equipment SA and the subsidiaries consolidated according to the fully consolidation method listed in note 4. They are representation and distribution subsidiaries for the products developed by EVS.
The table hereunder provides the total amount of transactions which have been entered into with related parties that are not fully consolidated (for information regarding outstanding balances at year end, refer to notes 15 and 22).
Sales to and purchases from related parties are made at normal market prices and under usual commercial conditions.
Outstanding balances at year end are unsecured and settlement occurs in cash.

(EUR thousands)		Sales to related parties	Purchases from related parties	Amounts due by related parties	Amounts owed to related parties
Related parties					
Associates :					
MECALEC SA	2019	-	-623	-	-71
	2018	-	-441	-	-
Total	**2019**	**-**	**-623**	**-**	**-71**
	2018	**-**	**-441**	**-**	**-**

24.2. Executives

There were no significant related party transactions in 2019, other than the ones that are mentioned in the remuneration report, on page 13 and following.

25. AUDITOR

Since the Ordinary General Meeting of May 17, 2016, the audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA to EY Reviseurs d'Entreprises SRL (B-00160), represented by Marie-Laure MOREAU (A-01729), Belgian Réviseur d'Entreprise. The mandate of the Auditor is for three years (ending in May 2019). The mandate has been renewed for a period of three years at the Ordinary General Meeting held on May 21, 2019.

In 2019, all fees related to the Auditor of the parent company, EY Reviseurs d'Entreprises SRL (B-00160), represented by Marie-Laure MOREAU and its associates, amounted to EUR 64,650 in aggregate for their duties as Auditor. Non-audit services were carried out by the Commissioner for a total of K€ 46,350. These missions are compatible with the statutory audit of the consolidated accounts and have been pre-approved by the audit committee.

26. FINANCIAL RISK MANAGEMENT POLICIES

The group enters into derivative transactions, principally forward currency contract. The purpose is to secure its purchases and its sales in foreign currencies against negative variations of these currencies. Indeed, the group has transactional currency exposures. Such exposure arises from sales or purchases by operating entities in currencies other than the group's functional currency.

The main risk arising from the group's financial instrument is described in note 27.2. The group's principal financial instruments, other than derivatives, comprise bank loans, finance leases and operating leases, cash and short-term deposits. The purpose of these financial instruments is to raise finance for the group's operations.

The group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The group's policy is, and has always been, that no trading in financial instruments shall be undertaken.

27. FINANCIAL INSTRUMENTS

27.1. Fair values of the financial instruments

The estimated fair values of the financial assets and liabilities are equal to their fair book value in the balance sheet considering (i) their short maturity or (ii) the fact that the interest rate applicable is in line with market conditions.

27.2. Foreign currency risk

Periodically, EVS measures the group's anticipated exposure to transactional exchange risk over six months to one year.
In its current structure, the group's exposure is mainly linked to the EUR/USD risk. The group invoices all clients in Euro, except the United States (in USD), while a lot of operational and fiscal expenses are libeled in USD. As a result, the group is "long" in USD, i.e. all of the group's activities generate globally a positive net cash flow in USD.

On the basis of the forecasts and according to the market conditions, the group hedges up to 50% of the exchange rate risk on estimated net future flows, mainly through forward foreign exchange contracts (in USD). EVS does not apply hedge accounting according to IAS 39 for those transactions.

Foreign exchange contracts are revalued at each closing at their market value. The generated exchange rate profit or loss is recorded in the “Other net financial income/(charges) account in the consolidated income statement.

The valuation techniques used are mainly based on spot rates, forward rates and interest rate curves.

On December 31, 2019, the group held USD 2.0 million in hedging contracts, with an average maturity date in March 2020, and an average exchange rate of EUR/USD of 1.1172.

27.3. Credit risk

Credit exposure is controlled and reviewed regularly by the management.

Trade receivables consist of a large number of customers, spread across many geographical areas. The evolution of the credit risk is monitored permanently. As of December 31, 2019, it is assumed that the carrying amounts of those trade receivables are the most appropriate estimate to the fair value of those assets.

The credit risk on financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

In addition, as explained in the note 23.3, the group is exposed to credit risk in relation with bank guarantees. As of December 31, 2019, the maximum amount the group could have to pay if these guarantees are called on is EUR 0.6 million.

28. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

Significant events that arose after the balance sheet date are:

- After the reporting date, the company has also received the payment of overdue accounts receivables that were written off at the reporting date for a total amount of EUR 1.1 million.
- Under the share buyback program started on October 25, 2018, the company has continued to acquire EVS shares in 2020. Regular updates are published on the EVS website.

The outbreak of the COVID-19 virus in early 2020 and the results of the measures taken to contain the virus, could impact our financial performance of 2020 and the measurement of certain assets and liabilities. Accordingly, we possibly may need to record material adjustments in our accounts during 2020. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements, however please refer to our management report paragraph 2 and 13 in order to get an overview of the risks our company is confronted with in 2020 to date and the foreseeable future.

STATUTORY AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF EVS BROADCAST EQUIPMENT SA FOR THE YEAR ENDED 31 DECEMBER 2019

As required by law and the Company's articles of association, we report to you as statutory auditor of EVS Broadcast Equipment SA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated statement of the financial position as at 31 December 2019, the consolidated statement of the realized and un-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended 31 December 2019 and the disclosures (all elements together the "Consolidated Financial Statements") as well as our report on other legal and regulatory requirements. These two reports are considered one report and are inseparable.
We have been appointed as statutory auditor by the shareholders' meeting of 21 May 2019, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders' meeting that will deliberate on the Consolidated Financial Statements for the year ending 31 December 2021. We performed the audit of the Consolidated Financial Statements of the Group during 4 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of EVS Broadcast Equipment SA, that comprise of the consolidated statement of the financial position on 31 December 2019, the consolidated statement of the realized and un-realized results, the consolidated statement of changes in equity and the consolidated statement of cash flows of the year and the disclosures, which show a consolidated balance sheet total of € 183,033 thousands and of which the consolidated income statement shows a profit for the year of € 19,608 thousands.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated net equity and financial position as at 31 December 2019, and of its consolidated results for the year then ended, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the Consolidated Financial Statements" section of our report.
We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect to independence.
We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Covid-19

We draw your attention to the disclosures 28 of the consolidated financial statements with regards to the consequences of the measures taken relating to the Covid-19 virus on the Company. The situation changes on a daily basis and inherently gives rise to uncertainty. The impact of these developments on the Company is disclosed in the Board of Director's report sections 2 and 13 and in the notes 28 to the consolidated financial statements. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.
These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

<u>Revenue recognition – complex contracts</u>

Description of the key audit matter:

As of December 31, 2019, the Group's turnover amounts to € 103.400 thousands, of which a portion relates to contracts that are generally spread over several months. Because the revenue recognition process is manual and not automated, there is a risk that revenues are not be recognized according to the contract terms and that revenues are recognized in the wrong financial period.
This matter is considered as a key audit matter due to importance of amounts involved, the diversity of contracts as well as the level of judgment required for complex contracts.

Summary of audit procedures performed :

We performed the following procedures :

- We assessed the revenue recognition process as well as the operational effectiveness of internal controls.
- We performed analytical procedures comparing revenues with those of the previous year and with the budget. Variances were discussed with management.

- We used data analysis tools including all accounting entries to identify revenues that are not recognized through trade receivables as well as trade receivables that are cleared via an account other than cash. We also used this tool to test unusual or unexpected entries.

- Based on a statistical sample, we performed cutoff testing by analysing deliveries and receptions close to the closing date.

- We analyzed significant and complex contracts. We discussed and analyzed the revenue recognition principles adopted by the Group based on contractual terms.

- We checked and discussed the manual entries booked in revenue.

- We assessed the adequacy of notes 2.24 and 3.2 of the Consolidated Financial Statements

Development costs

Description of the key audit matter:

At December 31, 2019, the Group recognizes € 22.603 thousands as research and development costs in the income statement.

IAS 38 provides that costs resulting from development has to be capitalized as intangibles assets if and only if the entity can demonstrate that all of the following criteria are met : (i) the technical feasibility of completing the intangible asset for the purpose of using it or selling it ; (ii) its intention and ability to complete the asset and to put it into service or to sell it ; (iii) how economic and future benefits will be generated ; (iv) the availability of sufficient resources (technical, financial and other) to complete the project and (v) its ability to reliably estimate the costs attributable to the intangible asset.

During the year ended December 31, 2019, the Group did not capitalize development costs, given that the current year's expenses are continuous and incremental improvements to existing products and not costs related to the development of new products. Moreover, it is not possible to reliably estimate development costs related thereto. Therefore, criteria (iii) and (v) of the standard are not met.

This matter is considered as a key audit matter due to significant amount expensed for research and development (“R&D”) in 2019 (€ 22.603 thousands) and for the technological environment in which the Group operates in which development costs are usually capitalized in intangible assets.

R&D expenses are disclosed in note 6.3 of the Consolidated Financial Statements.

- Summary of audit procedures performed :

We performed the following audit procedures :

- Based on discussions, we analyzed the hours performed by the R&D department to confirm that these costs are not related to the activities for the purpose of developing, producing and eventually marketing new or substantially improved products or services.

- We had discussions with management and business controlling regarding the justification of the assumptions used for the non-activation.

- We checked that the accounting for R&D expenses complies with the criteria of IAS 38.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium and for such internal controls relevant to the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern, The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, and to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements resulting from fraud is higher than when such misstatements result from errors, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;

- conclude on the appropriateness of the Board of Directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going-concern;

- evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and evaluating whether the Consolidated Financial Statements reflect a true and fair view of the underlying transactions and events.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.
We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Directors' report on the Consolidated Financial Statements, and other information included in the annual report, as well as to report on these matters.

Aspects relating to Board of Directors' report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Directors' report, the Board of Directors' report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 3:32 of the Code of companies and associations. (former article 119 of the Belgian Company code)

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Directors' report and other information included in the annual report, being:

- Profile
- Message to the shareholders
- 2019 highlights
- Strategic priorities
- Key products
- Corporate social responsibility
- Shareholders' information
- Presence in the world

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, there are no material inconsistencies to be reported. In addition, we do not provide any assurance regarding the Board of Directors' report and other information included in the annual report.

Independence matters
Our audit firm and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and have remained independent of the Company during the course of our mandate.

The fees related to additional services which are compatible with the audit of the Consolidated Financial Statements as referred to in article 3:65 of the Code of companies and associations were duly itemized and valued in the notes to the Consolidated Financial Statements.

Other communications

- During the year, an interim dividend has been distributed in respect of which we have prepared the attached report in accordance with the legal requirements.
- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Liège, 16 April 2020

EY Bedrijfsrevisoren BV
Statutory auditor
Represented by

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

BELGIAN GAAP PARENT COMPANY FINANCIAL STATEMENTS

These financial statements are related to the figures for the parent company, EVS Broadcast Equipment SA (Belgium). These statements are disclosed according to the short version allowed by Article 105 of the Belgian Companies Code. They are filed at the "Banque Nationale de Belgique" and are available on request at the company's head office, but also on the company website (www.evs.com). They have been unconditionally attested by EY, Auditors, represented by Marie-Laure MOREAU, Partner.

STATUTORY MANAGEMENT REPORT

As foreseen by the Law, the consolidated management report has been drawn up to also be used as the management report on the parent company's financial statements. The management report on the parent company's financial statements is therefore similar to the consolidated management report, except for the following notes:

- The parent company's financial statements include the figures for the head office in Liege (Belgium): revenue of EUR 87,900 thousand, representing 85.0% of the consolidated amount.

- The profit of the year amounts to EUR 18,661 thousand, compared to EUR 28,253 thousand in 2018. The balance sheet total amounts to EUR 160,965 thousand.

- In 2019, EVS Broadcast Ltd. (Hong Kong) paid dividends to its parent company EVS for a total amount of EUR 3.5 million.

- In accordance with the article 96 of the Belgian Company Code, within the Audit Committee Vincent Werbrouck (civil Engineer, Executive Master in Management and more than 10 years of experience in executive functions at Magotteaux), Chantal De Vrieze (Certificate in law, and many years of experience in executive functions, incl. in the Altran and Econocom groups) and Yves Trouveroy (two Certificates in Law, 30 years of experience in the banking sector and in private equity) have the competencies in accounting and audit..

- Since 2016, research expenses can no longer be included in the balance sheet. Only the development costs can be capitalized in the balance sheet. Research expenses incurred in previous years remain subject to the previous regime. In 2019, EVS incurred an amount of EUR 19.1 million for R&D expenses, which were amortized immediately and fully in accordance with the new valuation rules in this area.

- No event other than those reported in the consolidated management report has affected the parent company's financial statements.

BELGIAN GAAP STATUTORY INCOME STATEMENT

(EUR thousands)	2019	2018
Operating income	**110,343**	**115,961**
A. Turnover	87,900	90,504
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	1,241	1,438
C. Capitalized production	19,128	19,377
D. Other operating income	2,074	4,642
E. Non-recurring income	-	-
Operating charges	**-94,322**	**-101,376**
A. Raw materials, consumables and goods for resale	-16,510	-17,699
1. Purchases	*-17,430*	*-18,891*
2. Increase (+)/decrease (-) in stocks	*920*	*1,192*
B. Services and other goods	-25,069	-28,073
C. Remuneration, social security costs and pensions	-28,326	-27,620
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	-23,281	-23,750
E. (+)/(-) in amounts written off on stock and trade debtors	-1,403	-3,105
F. (+)/(-) in provisions for liabilities and charges	469	-893
G. Other operating charges	-201	-236
H. Non-recurring charges	-0,9	-0.3
Operating profit	**16,021**	**14,585**
Financial income	**6,977**	**8,930**
A. Income from financial assets	5,974	7,739
B. Income from current assets	3,0	0.9
C. Other financial income	1,000	1,190
Financial charges	**-957**	**-1,563**
A. Interest and other debt charges	-289	-329
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)	-30	-427
C. (+)/(-) in amounts written off on current assets	-638	-806
Profit on ordinary activities before taxes (+,-)	**22,041**	**21,953**
Transfer and withdrawal from deferred taxation	51	-497
Income taxes	-3,431	6,797
Result for the period (+, -)	**18,661**	**28,253**
Transfers from not taxable reserves	116	130
Transfers to not taxable reserves	0,5	1,782
Result for the period available for appropriation (+, -)	**18,777**	**26,602**
Appropriation account		
A. Result to be appropriated	32,710	27,765
B. Transfers from reserves	-	-
C. Transfers to reserves	-	-43
D. Profit / Loss to be carried forward	-25,438	-13,933
E. 1. Dividends	-6,972	-13,395
E. 2. Other equivalents	-300	-394

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	**31.12.19**	**31.12.18**
Fixed assets	**51,632**	**55,446**
Intangible assets	103	382
Tangible assets	43,940	47,427
A. Land and buildings	41,900	44,748
B. Plant, machinery and equipment	129	141
C. Furniture and vehicles	1,373	1,806
D. Leased assets	430	676
E. Other tangible assets	23	23
F. Assets under construction and advance payments	85	33
Financial assets	7,589	7,637
A. Affiliated companies	7,402	7,455
1. Participating interests	*5,072*	*5,072*
2. Amounts receivable	*2,330*	*2,383*
B. Other companies linked to participating interests	99	99
1. Participating interests	*99*	*99*
2. Amounts receivables	-	-
C. Other financial assets	88	83
1. Participating interests	-	-
2. Receivable and cash guarantee	*88*	*83*
Current assets	**109,333**	**110,967**
Amounts receivable after more that one year		
A. Trade debtors		
Stocks and contracts in progress	14,832	13,561
A. Stocks	14,832	13,561
1. Raw materials and consumables	*10,518*	*9,720*
2. Goods in process	-	-
3. Finished goods	*3,863*	*3,360*
4. Goods for resale	*451*	*481*
B. Goods in process	-	-
Amounts receivable within one year	32,439	34,956
A. Trade debtors	30,987	28,879
B. Other amounts receivable	1,452	6,077
Investments	26,545	8,650
A. Treasury shares	8,704	3,520
B. Other investments and deposits	17,841	5,130
Cash at bank and in hand	33,515	52,677
Deferred charges and accrued income	2,002	1,123
TOTAL ASSETS	**160,965**	**166,413**

LIABILITIES (EUR thousands)	31.12.19	31.12.18
Capital and reserves	**131,617**	**120,516**
Capital	**8,772**	**8,772**
A. Issued capital	8,772	8,772
Share premium	**14,462**	**14,462**
Reserves	**78,770**	**78,884**
A. Legal reserve	877	877
B. Reserves not available for distribution	8,704	3,520
1. In respect of treasury shares	*8,704*	*3,520*
C. Not taxable reserves	4,385	4,498
D. Reserves available for distribution	64,804	69,988
Profit / Loss carried forward	**25,438**	**13,933**
Investment grants	**4,175**	**4,466**
Provisions and deferred taxation	**2,608**	**3,133**
A. Provision for liabilities and charges	1,636	2,105
B. Deferred taxation	972	1,028
Creditors	**26,739**	**42,764**
Amounts payable after one year	**136**	**4,435**
A. Financial debts	127	4,426
1. Debts from leasing agreements	127	376
2. Credit institutions	-	*4,050*
B. Other amounts payable	9	9
Amounts payable within one year	**24,032**	**34,641**
A. Current portion of amounts payable after one year	4,299	5,493
B. Financial debts	-	-
C. Trade debts	8,049	9,340
1. Suppliers	*8,049*	*9,340*
D. Advances received on orders	2,131	722
E. Taxes, remuneration and social security	9,236	12,021
1. Taxes	*3,266*	*6,368*
2. Remuneration and social security	*5,970*	*5,653*
F. Other amounts payable	317	7,065
Accrued charges and deferred income	**2,571**	**3,688**
TOTAL LIABILITIES	**160,965**	**166,413**

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2019 (EUR thousands)	Amounts	Number of shares
A. Share capital		
1. Issued capital	8.772	14,327,024
2. Structure of capital		
2.1. Different categories of shares		
Shares without face value	8.772	14,327,024
2.2. Registered shares and bearer shares		
Registered shares – as of December 31, 2018		1,291,819
Dematerialized shares – as of December 31, 2018		13,035,205
B. Treasury shares held by the company itself	**8,704**	**400,180**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		138,999
- Amount of capital to be issued	4,017	
- Maximum number of shares to be issued		138,999
D. Amount of authorized capital, not issued	**1,170**	