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EVS Q3 2020 Business update

EVS global leader in live video technology for broadcast and new media productions today announces its business update for the third quarter ending 30 September 2020.

HIGHLIGHTS

- Covid-19 crisis continue to impact significantly Live Service Providers, one of the three main revenue pillars while LAB customers continue the modernization of their broadcast centers.
- Accelerated traction for remote production workflows allowing EVS to promote several new workflow solutions
- Order book* for 2020 revenues as of October 31st ** of EUR 41.0 million, vs. EUR 44.3 million at the same date last year. (-7% vs same period last year)
- Order intake* YTD until end October 2020: -8.5% vs same period last year
- Confirmation of the Opex guidance, expected to increase slightly YoY following integration of Axon (excluding extraordinary costs) but with a marked decrease when considering only former EVS perimeter.

* excluding big events rentals and including Axon as of May 1st

** including 2H2020 already recognized Revenues and open orders on hand that will be recognized as revenues in 2020

COMMENTS

Serge Van Herck, CEO comments the business development: *"We continue to see the impact of the pandemic on our customers. With less events to produce for Live Service providers, these have seen their revenues and cash inflows dropping, which resulted in recapitalization needs for some of them and delayed or cancelled investments. Adoption of remote production workflows is accelerating. Thanks to the flexible and "cloud-ready" solution portfolio recently strengthened with LSM-VIA, EVS efficiently supports its customers to face their challenges. We continue to see LAB customers investing in the modernization of their broadcast centers."*

On the COVID-19 developments, Serge Van Herck added:

"We expect this pandemic will not be over soon and will continue to impact EVS in the first part of 2021. In anticipation of this, we are looking to further adjust our cost structure".

Commenting on the results and the outlook, **Yvan Absil, CFO**, said: *"Our orderbook (without big events) as of October 31st amounts to EUR 41.0 million. There is also an additional EUR 17.1 million of orders (excl big events rentals) to be recognized as revenues in 2021 and beyond; this represent an increase of 10 % vs the same period last year. On the costs side, thanks to marked decrease in the former EVS perimeter (reductions in consulting, travel, marketing expenses and bonus) and despite the integration of Axon since May 1st, costs will only slightly increase YoY. Finally, our cash position remains really strong with a total cash available of EUR 52.5 million at the end of September"*.

On the Share Buy Back program, Yvan Absil, added: *"We have now completed the EUR 5 million share buyback program announced in May 2020"*.

EVS Market Dynamics and customer wins

Our 3 market pillars of revenues (Live Service Providers – LSP, Live Audience Business – LAB and Big Event Rental – BER) are significantly impacted by the pandemic.

The major summer sport events have been 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 million 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 earlier this year (sport, concerts, entertainment shows), various LSP customers have heavily reduced their purchasing activity as their priority was to keep their staff ready for the restart period. Their spending for buying new equipment still is in many cases postponed to a later date

At the same time, these customers accelerate the adoption of remote production to lower their production costs and ensure respect of governmental guidelines. LSM-VIA has been "field-proven" during the summer in some of these remote workflows.

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 broadcast centers see their news audience peak at this moment in time which translates in continued ordering of certain of our solutions.

Traction for remote production workflows has significantly increased, with EVS offering several options to ease the work of operational teams working from a distance and from home.

Until end October, the yearly order intake declined 8.5% versus the same period last year (excl. big event rentals and including Axon as of May 1st 2020).

Some key activities:

- > Virtual IBC has been organized with hundreds of customers from everywhere in the world attending different remote demos for rich and personalized interactions
- > Live Production Anywhere webshow, organized in partnership with our customers, focusing on Remote Live Production, organized with active participation of many EVS departments to show usage of EVS solutions and the dedication of EVS for its customers.
- > Continuous remote interactions with customers to assist them in the design of their new solutions.

Some key wins:

- o Large 4K upgrade and extension with a major player in China
- o Continuous traction for VIA platform and Media Infrastructure for modernization of broadcast centers, notably in eSports
- o After NALA & APAC, Europe sees increasing adoption of our IP enabling XT-VIA server solutions

Status of AXON integration

With the addition of Axon products to the EVS portfolio, EVS is offering a broad and comprehensive modern IP based media infrastructure solution. Teams from both companies are progressing well on the integration, which is on track, on time and within budget.

Some key milestones have already been achieved:

- > Lead to cash process synchronized, enabling EVS sales force to start selling new Media Infrastructure solutions
- > Joint value propositions presented to our customers
- > Teams in NALA strengthened and prepared to deliver, integrate and deploy Media Infrastructure solutions everywhere
- > Vast majority of team integration within a single organization is completed
- > Integration of ERPs being effectively planned, and some other tools already integrated

We also start to see the first synergies:

Revenue synergies:

- o Some first deals have been signed that would have never happened in an "Axon stand-alone" scenario, in all regions of the world
- o Within global offerings including former EVS products, some integrators are swapping infrastructure from other vendors by new EVS Media Infrastructure components to ensure a consistent and more solid proposal

Cost synergies:

- o Some headcount replacements have been cancelled; the function being now covered by former Axon colleagues.
- o Some costs have decreased for purchasing of BOM elements thanks to larger volumes reached when combining demand from the 2 previously separated entities

Outlook

The order book (to be recognized in 2020 on top of the 1H 2020 revenues already disclosed) on October 31, 2020 amounts to EUR 41.0 million compared to EUR 44.3 million last year (at the same date) excluding big event rentals and including Axon order intake as of May 1st 2020.

In addition to this order book to be recognized in 2020, EVS already has EUR 17.1 million of orders to be invoiced in 2021 and beyond (excl. big event rentals) (+ 10.0 % vs the same period last year).

Based on the current market outlook and given the uncertainties around covid-19 impacts, EVS does not give any revenue guidance for the year 2020. Operational expenses (excluding Axon) are expected to see a marked decrease compared to 2019.

Corporate Calendar:

February 25, 2021: 2H2020 and FY 2020 results

For more information, please contact:

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Forward Looking Statements

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

About EVS

We create return on emotion.

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

The company is headquartered in Belgium with offices in Europe, the Middle East, Asia and North America, and provides sales and technical support to more than 100 countries.

EVS is a public company traded on Euronext Brussels: EVS, ISIN: BE0003820371.

For more information, please visit WWW.EVS.COM.