ANNUAL REVIEW

2017

WHO WE ARE

EVs is a Belgian company, headquartered in Liège with about 20 offices all over the world.

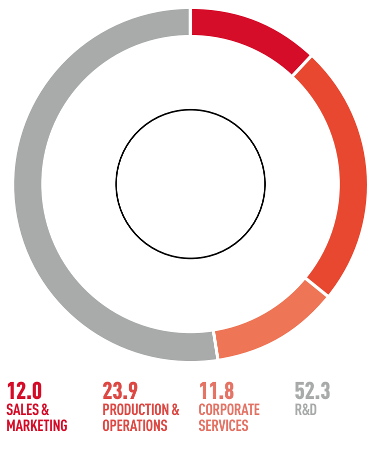
Founded in 1994, the company revolutionized live sports broadcasting thanks to its innovative Live Slow Motion system relying on state-of-the-art technology, and rapidly took a significant position in the broadcast market. With about 500 employees and 5 developments centers spread between Belgium, Germany and France, EVS is today a key player in the broadcast and media technology market. Its different products and solutions are sold in more than 100 countries worldwide. Thanks to its customer intimacy, EVS and its employees developed a unique expertise in live production technology, capabilities of fast innovation that respond to customer needs, but also a high level of unmatched customer support.

Its live production tools, with ultra high level of reactivity, combined with its product range around the live video servers XT and XS, are offering unique level of reliability and performance. These solutions allow producers and directors to transform live video flows into rich and emotional content for viewers across the world.

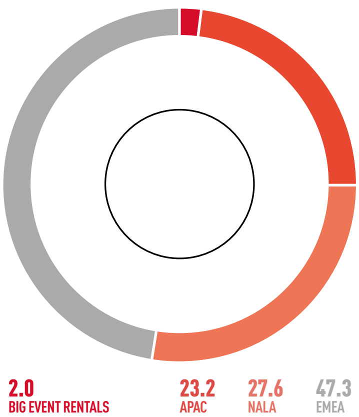
Since 2016, EVS is bringing new innovation to the market, leveraging amongst other, the acceleration of IP technology adoption on the broadcast and media markets, and the multiplication of new platforms delivering content to viewers.

The new product lines launched by EVS are relying on complementary micro-services platforms, allowing to address more efficiently direct live production market needs, and to expand its presence into larger areas of live video content management and distribution.

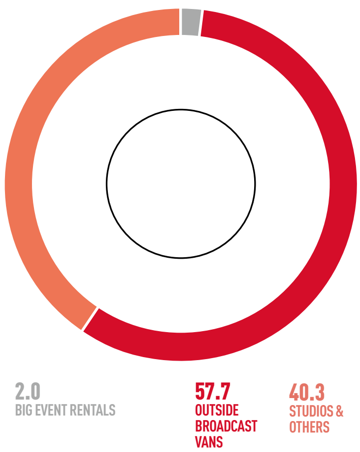
BREAKDOWN OF STAFF BY DEPARTMENT (AS OF 31 DECEMBER 2017) (%)

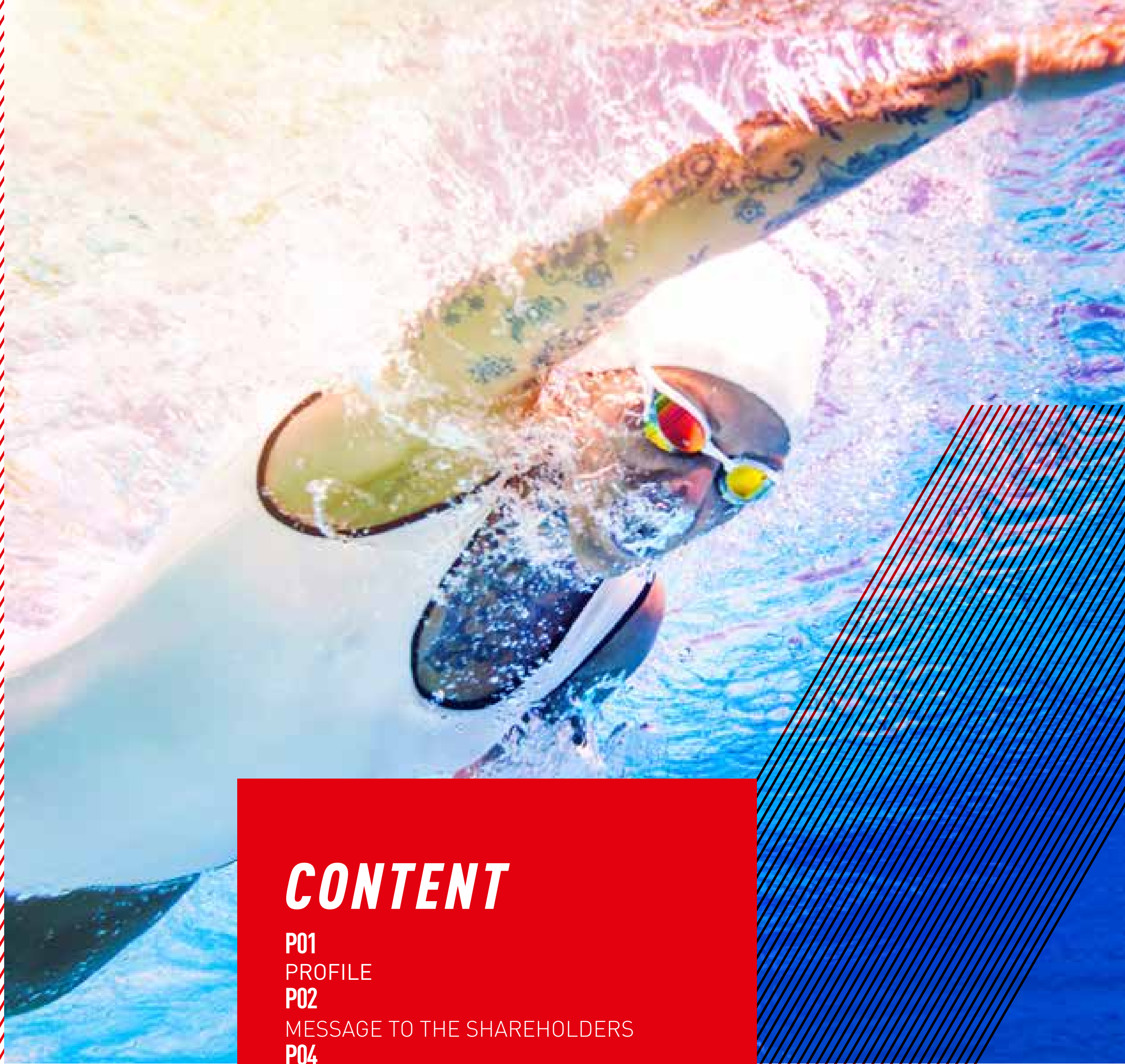


SPLIT OF 2017 REVENUE BY REGION (%)

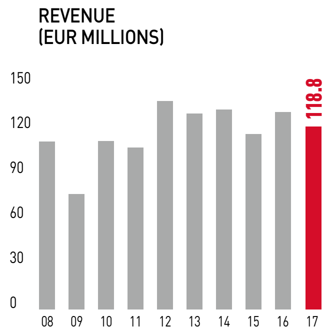


SPLIT OF 2017 REVENUE (%)

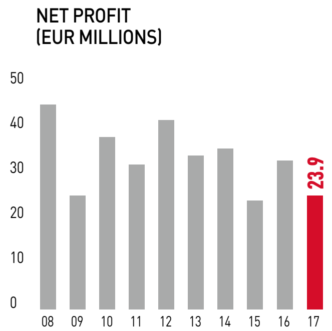




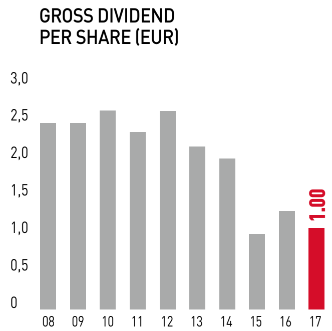
CONTENT



EUR 118.8
MILLION SALES IN 2017



29.4%
EBIT MARGIN IN 2017



3.0%
DIVIDEND YIELD IN 2017

2017: PRODUCT PORTFOLIO EXTENSION

DISCUSSION BETWEEN MURIEL DE LATHOUWER, MANAGING DIRECTOR AND CEO OF EVS, AND YVES TROUVEROY, CHAIRMAN AD INTERIM OF THE BOARD OF DIRECTORS UNTIL JANUARY 2018

YVES TROUVEROY, CHAIRMAN OF THE BOARD OF DIRECTORS

MURIEL DE LATHOUWER, MANAGING DIRECTOR & CEO

IN 2018, WE WILL PURSUE OUR PLANS: EXECUTE AND DELIVER WHAT IS IN PROGRESS.

MURIEL: In 2017, we clearly maintained our leadership in our core business, in a changing industry. Building upon our know how in live video production, we also continued to introduce new products lines to enter in new markets or seize new opportunities.

YVES: You are right. These launches are the result of all the work started a couple of years ago to leverage the arrival of the IP network technologies in the broadcast industry.

MURIEL: With this in mind, and despite an environment that continued to be challenging for our customers, we had revenue of EUR 118.8 million, roughly stable (-1.3%) at constant currency and excluding big event rentals. We continued to manage our costs in a very disciplined way, and hence recorded an EBIT margin of 29.4%.

YVES: We are dedicated, with the management, to make EVS grow again in the future. The continued efforts on the developments of new products are key. And we also look at external growth possibilities through potential acquisitions. Hence, the Board has decided to propose a final gross dividend per share of EUR 0.50, which represents a payout ratio of 56.5%, reflecting the healthy balance sheet of the company and the willingness to keep the necessary financial means to finance a potential acquisition.

MURIEL: In 2018, we will pursue our plans: execute and deliver what is in progress. And aside of that, we also continue to bring innovation on the market, with a focus on applications based on our pioneering work in artificial intelligence. To achieve these objectives, some teams have been strengthened. We expect to see increased momentum around our new product lines launched in recent years (e.g. in the video referee market), while our latest launches (in the markets of smaller live productions and IP infrastructure) are expected to record their first sales in 2018. New developments on and around the XT platform will also support our efforts. As a result, EVS will have an even more comprehensive and diversified product portfolio to support our future growth. And that is our ambition !

YVES: At the Board level, we look at the future of the company with confidence. We see how the things evolve within the company, with more professionalization bringing higher levels of efficiency, rejuvenated innovation power and a strengthened management team. We see the growing range of solutions as a clear opportunity to extend the market potential for the company. We feel that the management is going in the right direction, which was also recognized in 2017 by some awards in Belgium for our CEO, and behind her, for all the employees of the company.

MURIEL: Our employees are instrumental in our past successes, and they will continue to do so in the future. Customers, suppliers and shareholders also accompany us in the exciting story of EVS. Thanks to all of them !

MURIEL DE LATHOUWER, YVES TROUVEROY AND THE EXECUTIVE COMMITTEE

+ FIND OUT MORE ONLINE
WWW.EVS.COM

2017 HIGHLIGHTS

THE HIGHLIGHTS TELL OUR STORY – ONE THAT STARTS WITH A VISION CARRIED THROUGH OUR SOLUTIONS, PEOPLE AND SERVICE. THANKS FOR MAKING OUR YEAR SO NOTABLE.

INNOVATION

2017 was another year of product launches for EVS. New developments were made available on the existing product lines, including the availability of HD on the XT4K server, and the ChannelMax option on the same platform. In the second half of the year, EVS presented new solutions to the market, to enter in new markets such as the small cost-effective productions or the IP infrastructure segment and seize opportunities were there is new demand.

E-SPORTS AND FAANG

The DYVI production switcher saw increasing customer adoption, and allowed EVS to also win new type of customers: E-Sports market and its video games competitions broadcasted live over the web or in large arenas is one of these opportunities. FAANG companies also became customers where EVS technology, starting with DYVI, is being used internaly for corporate announcements and events.

CUSTOMERS

Every year, state-of-the-art technologies of EVS are adopted by new or existing customers throughout the world for their projects. Video Plus (France), NEP or Gearhouse Broadcast (UK) were part of the customers upgrading to UHD technologies. The Xeebra solution won its first customers in 2017 and is already present in more than 10 countries and used in 6 different sports. Dyvi (production switcher) is being deployed with different type of customers such as service providers (BNC in Germany or SIA in Belgium), stadiums in the US (e.g. San Francisco Giants or New Jersey devils), broadcasters (WDR in germany to support the production of the famous SportShau, covering Bundesliga games since more 50 years, or e-Sports production companies (e.g. Turtle Entertainment). NEP in Australia and Mediacorp in Singapore relied on EVS for larger Workflows.

INSIDE EVS

IN JANUARY 2018, EVS ANNOUNCED THE APPOINTMENT (BY COOPTATION) OF PIERRE DE MUELENAERE AS NEW CHAIRMAN OF THE BOARD OF EVS, TAKING OVER THE ROLE FROM YVES TROUVEROY, CHAIRMAN AD INTERIM SINCE OCTOBER 2017. PIERRE DE MUELENAERE CO-FOUNDED I.R.I.S. (IMAGE RECOGNITION INTEGRATED SYSTEMS) IN 1987, AND WAS PRESIDENT AND CEO OF IT UNTIL 2015. HE BRINGS TO EVS AN EXTENSIVE BUSINESS AND TECHNICAL BACKGROUND.

NETWORK IP TECHNOLOGIES FOR TOMORROW'S PRODUCTIONS

Production servers from EVS equip the two production hubs of NEP Australia, which operate a network of remote productions based on IP technologies. These hubs, located in Melbourne and Sidney, will serve as centralized production studios. They will be used by Fox Sports Australia for the remote production of over 500 events each year taking place in nearly 30 venues around Australia.

SOCIAL ENGAGEMENT

EVS takes an active role in the communities where the company is present. Through various actions, the company encourages employees to be actors in their community. At the company level, EVS actively supports sport athletes in their search for success and projects with the objective of reinforcing the attractivity of IT with young people, such as CoderDojo (helping 7-18 years old boys and girls to learn IT coding) or the HERA awards (rewarding a university thesis integrating a 360 degrees approach for an IT project).

RECOGNITION

EVS was again rewarded in 2017 for its innovations and achievements. X-ONE won a few awards during the IBC tradeshow in September, including the IABM Design and Innovation award. In December, X-ONE was again rewarded, with the IABM's prestigious Peter Wayne award. Other awards included a joint project with Tedial, made for Kuwait TV, the state-run television station of Kuwait.

AN INDUSTRY IN TRANSFORMATION

THE BROADCAST INDUSTRY HAS CHANGED. BETTER IMAGE QUALITY, IP NETWORK TECHNOLOGIES, SOCIAL NETWORKS, OTT PLATFORMS: THESE ARE SOME OF THE CHANGES THAT ARE RESHAPING THE INDUSTRY AND CREATING OPPORTUNITIES FOR FUTURE GROWTH.

IP NETWORK TECHNOLOGY

The most important technology transition playing out in the broadcast industry today is the adoption of IP-based technologies, which enables more agile workflows, including a wider use of cloud-based solutions, remote productions and virtualization in private or public cloud.

The main benefits of IP in live production are now concrete and include an increased scalability, simpler integration, higher flexibility, cost optimization or uniformity through different workflows thanks to the use of open standards such as SMTP 2110.

NEW ENTRANTS

The emergence of new players, including OTT platforms such as Netflix, Hulu or Apple, puts pressure on the revenue streams of traditional TV channels. Subscribers do have more choices than ever to watch interesting content on different platform that are accessible on all kind of devices. New content, such as e-Sport competitions, use OTT platforms to have a more direct access to young generations, and advertisers have to balance their spending between a wider number of channels. Traditional TV channels started to reinvent themselves, adapting their strategies to offer complementary content on second screens. And for them, live content is and will remain a key differentiator. And live content is mainly made up of sports (44 out of the top 50 live viewed TV programs in the US in 2016), news bulletins and entertainment shows, which are the core of EVS competencies.

IMAGE QUALITY - CAMERAS

While the rollout of High Definition (HD) is not yet complete, the industry is already beginning to move to Ultra High Definition (UHD). In addition to UHD, High Dynamic Range (HDR: a technique used to reproduce a greater dynamic range of luminosity than is possible with standard techniques) and Higher Frame Rate (HFR: increasing the number of frames per second to magnify the UHD effect) will also require technology evolutions in the broadcast industry, and could drive further equipment upgrades. However, the management of EVS sees these upgrades as part of the usual upgrade cycles. Indeed, the difference in quality between UHD and HD (lower than the move from SD to HD) and the budget constraints are not pushing customers to accelerate their investments.

SOCIAL NETWORKS – FAN ENGAGEMENT

Today, young generations don't just watch TV. Smartphones have invaded our daily lives, and more than half of TV viewers say they like to keep up with shows so they can join the conversation on social media (source: Nielsen). Broadcasters are looking at new ways to keep audiences engaged longer on "second screens" (smartphones and tablets) in order to capture the flows of revenue that are moving online.

This requires new tools, more integrated in common platforms, and new ways of working in TV studios. This will allow to develop different stories for different screens, without having to redo a parallel digital production.

In the same way, stadium owners are seeking to further enhance the fan experience with appropriate infrastructures and apps that make fans even more engaged.

THE BROADCAST INDUSTRY HAS CHANGED

OUR STRATEGIC PRIORITIES

EVS CORE MISSION IS TO DELIVER THE HEART OF LIVE CONTENT PRODUCTION ECOSYSTEM, REINVENTING STORYTELLING FOR ALWAYS FASTER HIGHLIGHTS, HIGHER CREATIVITY AND STRONGER EFFICIENCY

EVS FOCUS ON INNOVATION

Maintain leadership on live video production server

Since the creation of the company, the XT hardware platform (including the XS range as well) is the core of the EVS solutions. This server platform has established itself as the fastest, most reliable and most utilized broadcast tool for live production. The close partnerships developed between EVS teams across the globe and the world's leading broadcasters have led to significant developments around its core foundation. Empowering the hardware platform with a multitude of software applications has given broadcasters the ability to manage, control, browse, edit and orchestrate media across a complete network of interconnected technologies. The IP technologies are now fully integrated in the XT and XS platforms and EVS has developed a hybrid approach to assist customers in their step-by-step transition to this new way of working.

Extension in other live video products and markets

Aside of the XT ecosystem, EVS developed a new range of products around live production in order to address new needs in live IP workflows with S-CORE MASTER (a solution to control, orchestrate and monitor every IP infrastructure) on one side, and on the other side to enter new markets where EVS was not present but intends to play a role thanks to its innovating approach. EVS recently introduced innovations such as DYVI, a production switcher complementary to the video server, which allows more graphic effect and better scalability thanks to an IT architecture. EVS also launched the Xeebra product, a solution to help referees in their decisions, allowing EVS to address the new arbitrage market and new customers such as sports federations or leagues. Finally, the X-ONE, which will be launched in 2018, an all-in-one solution, allows for simple small productions live at low cost, while maintaining a very high standard of quality.

Artificial intelligence: EVS as a pioneer

Artificial intelligence and deep learning are gaining momentum in many technology industries. EVS partially uses artificial intelligence in its products as a catalyst to answer to new customer needs. The artificial intelligence system automates certain tasks to allow our customers to do more, faster and let the operators focus on creativity. For example, artificial intelligence will help operators to prepare their work, which they will just have to validate and/or adjust. This can translate into greater speed and responsiveness while optimizing costs

DIFFERENT SOLUTIONS FOR DIFFERENT CONTEXTS

Live productions

For over 20 years EVS has been leading broadcast technology advancements with solutions designed specifically for live production. In 1994 we pioneered tapeless live replays, effectively revolutionizing sports broadcasting.

Our solutions are based on the most reliable, proven technologies available and provides users with the ability to take advantage of high-speed, real-time content ingest, editing and enrichment. EVS' commitment to futureproof solutions means users can easily adopt 1080p and UHD/4K technologies and take advantage of our pragmatic approach for the adoption of IP workflows.

Recognized as a trusted partner to broadcasters and content producers globally, EVS continues to build on its reputation for quality and reliability. We enable our partners to enhance their live coverage of sports, entertainment, music festivals and major cultural events.

EVS knows the importance of live. It's in our DNA.

Broadcast centers

EVS provides maximum efficiency for demanding productions where deadlines are extremely tight. Our integrated solutions offer a robust and blazing fast method to record, edit and play back countless hours of content for news and sports productions. Intuitive tools enable all content to be logged, tagged and stored, allowing any producer or editor instant access to all online and nearline media through browse and search tools. EVS systems can be tailored to specific workflow needs, integrating other departments for the repurposing or post-production of any type of content at any given time. In addition, second-screen multimedia content packages can be created and distributed efficiently to your connected viewers.

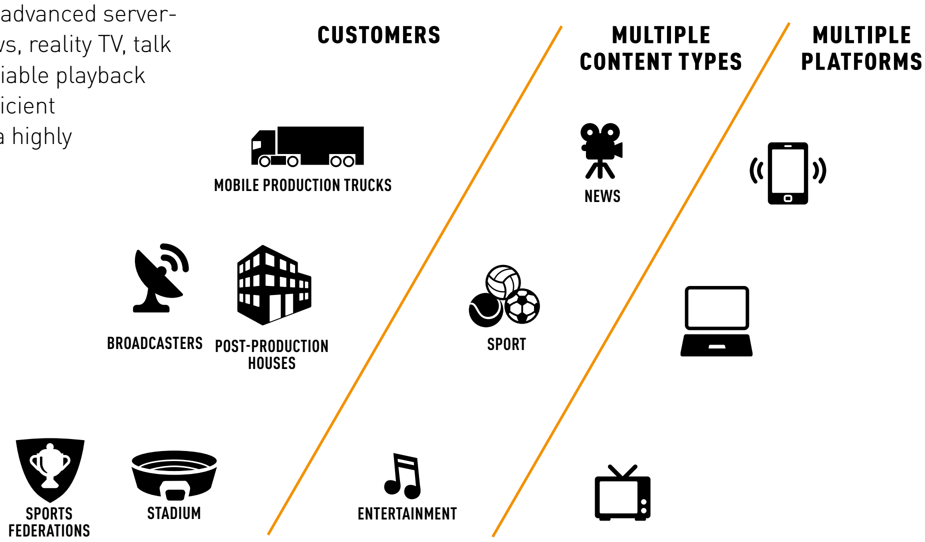
Multicam studio production

The rise of live TV shows and reality programming requires the near real-time interactivity and ultra-fast turnaround first pioneered by live sports and news. Studio and on-site productions are fast adopting tailored, open entertainment workflows for the flexibility they provide. Our advanced server-based solutions provide concerts, stage shows, reality TV, talk and game shows and TV series with ultra-reliable playback and recording, and the tools to enable the efficient ingest, editing and enrichment of content in a highly collaborative, integrated environment.

Multimedia distribution

Sports and entertainment fans want to know more about the action. They want to see it from every available angle, be able to analyze it themselves as well as hear from experts, and they want the statistics to back up their thinking. Linking excellent coverage to social networks, and allowing viewers to watch at any location, on any device – at home, at the game or anywhere else – is now the norm. This increases loyalty and opens new revenue avenues for right owners. EVS platform approach allows to create different stories for different screens from a single platform without the need to have separate teams working on different tools.

MARKET APPROACH



OUR KEY PRODUCTS

OUR CORE PRODUCT PORTFOLIO

BUILDING LIVE WORKFLOW AROUND XT SERVER

The new EVS XT4K is a dedicated server offering the most reliable and fastest UHD-4K replay. With up to four channels in flexible in/out combinations, the XT4K drives complete UHD-4K media control from ingest to playout. The added flexibility of the XT4K lets you bridge your investment to execute HD and Full-HD productions from the same server.

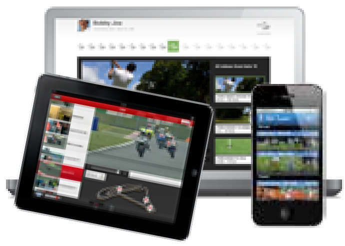
In addition to EVS Loop Recording technology and on-board networking option, XT4K provides support of SuperMotion cameras and native XAVC-4K Intra encoding and decoding for live editing, slowmotion replays and multi-channel playback with server-to server transfer options. And unlike other systems, the XT4K makes expansion of your onboard storage easy, and without complex SAN interconnections or clustering.

LIVE TOOLS

Tools designed to enrich live production content and ease exchange, review, transcoding, storytelling graphics and collaboration.

MULTIMEDIA

Turnkey ecosystem allowing new revenue channels through publication of live content through scalable cloud-based services.



PRODUCTION CONTENT MANAGEMENT

Advanced workflow tools enable teams to ingest, create and manage enhanced content with the expanding range of assets of today's production.

EDITING MEDIA INFRA

Live content is put into the hands of editorial team with fast turnaround editing tools that integrate with industry-leading editing platforms. High performance and reliability are the backbone of a powerful media storage solution suitable for multiple production workflows.

PRODUCT PORTFOLIO EXTENSION

BUILD AROUND LIVE VIDEO PRODUCTION

DYVI

The DYVI live production switcher advances the way you implement a switching system that goes far beyond the traditional limits of the classic switcher design. DYVI's GPU-enabled platform unlocks a new world of creativity and flexibility, while its distributed series of 2RU processing modules scales with your needs and allows you to position your switching infrastructure at the edges, making it ideal for any multi-studio facility.

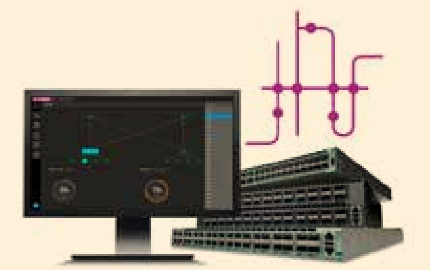
XEEBRA

With Xeebra, referees can review plays with the utmost clarity and convenience. Using an intuitive touchscreen, they can review every angle in detail (quickly, efficiently and in complete synchronization). With the touchscreen or a dedicated controller on the scoring table, users can pilot dynamic layout browsing, instantly zoom directly (from 16 to 4, 2 views), and mark and label the most important situations for review and export later.

LAUNCHED IN 2018

X-ONE

X-ONE is an all-in-one system that combines the industry-leading speed and reliability of EVS technology with a foundation of software-defined technology to deliver a smart, live production system for small and mid-sized events. The system allows a single operator to create replays, control audio, cut together a live feed with a built-in video switcher and even add graphics to live programming which is output in the highest broadcast-standard quality.



LAUNCHED IN 2018

S-CORE

S-CORE MASTER is a live IP flow routing system for deployment within IP-based live media production workflows. The system uses SDN control methods so users can more easily manage latency-sensitive live media. S-CORE MASTER gives engineers better visibility across a network as well as the ability to communicate with entire IP infrastructures at once. This removes operational roadblocks from new technology deployment and creates a more efficient overall workflow. S-CORE MASTER also lets operators monitor entire networks.

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 EMPLOYEES AND THE COMMUNITY IN WHICH IT OPERATES. THIS LONG TERM COMMITMENT IS AN INTEGRAL PART OF EVS' CULTURE AND VALUES SINCE THE COMPANY CREATION.

85

SOCIAL OR CULTURAL PROJECTS SUPPORTED BY EVS IN 2017

THE EMPLOYEES

Employees are the main assets of EVS. They develop high quality solutions, offer them to customers throughout the world, install them and provide the necessary training and maintenance.

Therefore, the management of the company puts special attention to offer employees a working environment based on personal development and respect for the individual.

An attractive workplace

The headquarter of the company is located near Liège (Belgium), in a wooded environment close to the university of Liège, and together with lots of other technology companies. The building, currently hosting around 350 people is a modern and recent facility, open and luminous, and has been designed to accommodate all necessary activities of the company, with open spaces allowing development or project teams to have fast and efficient discussions, a large number of meeting rooms to answer increasing needs for short and interactive meetings or training and demo rooms to serve EVS' existing or future customers, operators and other interested parties. The basement includes the assembling lines of the different products, the packaging and the loading dock, starting point for the transport of EVS' know how to customers worldwide.

The building also includes all kind of facilities that make EVS' employees happy at work: a cordial company cafeteria with a sunny terrace, dressing rooms for people who do sports during lunch time in the neighborhood, social places (coffee corners, table tennis, baby foot, etc) and a rest room with a few relaxing seats.

Agile and more

EVS started to implement Agile methods (more specifically SCRUM) more than 3 years ago, but the adoption by a larger number of teams accelerated since two years given the good results. Agile methods are groups of project management and piloting practices, They are based on an iterative, incremental and adaptive development cycle and must respect four fundamental values, broken down into twelve principles, forming

the basis of common or complementary practices. Thanks to the agile method, the applicant obtains better visibility of work management than with a conventional method. A better involvement of the client in the process also allows the team to obtain regular feedback so that the necessary changes can be applied directly.

Scrum is the most popular Agile method and one of the most recognized. It is an iterative, 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 a functional software throughout the duration of its creation.

Today the majority of the development teams at EVS already work using these methods.

Dynamic people management

Over the years, EVS has developed different strategies to attract and retain talents. It goes through a very wide spectrum of initiatives and policies, including:

- Welcome of new people with a complete program of internal trainings;
- Internal communication: use every occasion and tool to reinforce the communication between the people in the organization. Since two years, "Les Midis de l'arena" (open information sessions) gather employees for sharing knowledge on all kind of topics. In 2017, Yammer (professional social network solution of Microsoft) has been deployed and rapidly became the ideal platform for sharing successes and news from customers and people on the field. This is an "open windows to the world" for a lot of employees, and it gives a concrete aspect to their daily job.
- Well-being: numerous activities organized by and for the employees aimed at building the team spirit, such as departmental incentives, various company events or incentives to practice a sport in the neighborhood;
- A competitive global remuneration package in relation to the skills and experience of each person, accompanied by company profit sharing programs.

This policy is bearing fruit and reinforces a sense of belonging. The average age of the company's employees is young (38 years).

THE ENVIRONMENT

Since its creation in 1994, EVS has been mindful of its impact on the environment. Over the years, decisions have been taken in order to honor this commitment. The headquarters and innovation center, located in a wooded environment near Liège gathers, since 2015, all employees who were in the past split in six different buildings in the same area. It provides them with an improved working environment, increasing efficiency and 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, at the basis of the air-conditioning system), recuperation of the heat generated by the servers (at the basis of the heating) or the external blinds (ensuring a better protection against the heat of the sun).

Through its activities, EVS also further helps reducing the environmental footprint of the broadcast industry. As an example, EVS develops solutions to allow its clients to produce or access the video content from a remote location, allowing operators to dramatically reduce their travel. For instance, during major sporting events, broadcast production tools favor image sharing between the event venue and the television channel. This greatly reduces air travel for a large number of people.

THE COMMUNITY

There are many ways for a company to put its values into practice and demonstrate its commitment to the environment, its employees and the community in which it operates.

This long term commitment is an integral part of EVS' culture and values since the company creation.

EVS has a strong regional anchor and tries to participate in the development of the communities where its offices are located. The company concentrates its efforts on a few areas that has been clearly identified.

Build local partnerships

EVS tries to build partnerships with local suppliers as much as possible, hence reinforcing its local anchorage. It covers various aspects of the EVS activities, such as all matters relating to the management of the facilities, business consultants and partners, but also taking an active role in the development of a network between the companies of the Liege science park.

Support employees' engagement in their communities

Through a unique "sponsorship program" were the sponsoring budget is granted by the employees, EVS actively supports more than 85 social or cultural projects per year in the region, encouraging employees to be ambassadors of the company in their own communities.

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

Since a few years, EVS has identified three areas where the company wants to invest and support initiatives:

- EVS supports the Risingtrack crowdfunding platform, which aims at financially supporting sport athletes in punctual projects
- EVS also supports the Foundation for Future Generations in Belgium and its HERA (Higher Education and Research Awards for Future Generations) awards - "sustainable IT". This initiative aims to support those - students and researchers - who integrate the transversal approach of a sustainable development into their thesis. It encourages them to think and act at 360 degrees, taking into account the people, the planet, the prosperity and the participation.
- EVS also actively supports the HBS (Host Broadcast Services SAS) broadcast academy, which 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 is providing them with a Live TV Simulator (unique, itinerant live broadcast training tool that teaches broadcast professionals on the field)
- CoderDojo is a new commitment of the company and the CEO herself (leveraging her visibility given by her ICT Woman of the Year award in Belgium), actively promoting the IT programming to kids, with a special focus on young girls and kids from unprivileged environments.

SHAREHOLDERS' INFORMATION

EVS SHARES

EVS capital is represented by 13,625,000 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

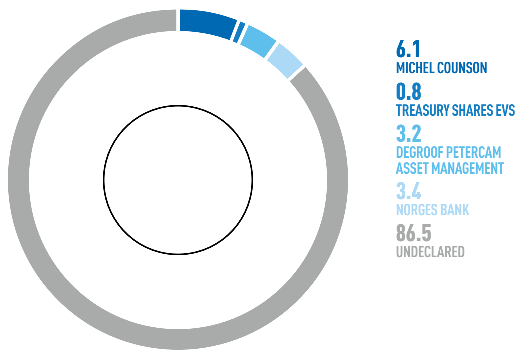
EVS shares are listed on the continuous EURONEXT Brussels market under the ISIN code BE0003820371.They were listed in October 1998 at a price of EUR 7.44 (EUR 37.20 before split). The share was split into five on June 5, 2005. EVS is part of the Next150 and BelMid indices.

As of December 31, 2017, EVS was also eligible for the Equity Savings Plan for Small and Medium Size Enterprises in France ("plan PEA-PME").

During 2017, the maximum value reached by the stock price was EUR 38.75 on May 9 and 10 and the minimum value of EUR 26.75 was reached on August 31. EVS had a market capitalization of EUR 404.8 million at December 31, 2017 with a share price of EUR 29.71. In 2017, the EVS shares decreased by 10.5%.

During 2017, the standard velocity was around 58.8%. An average of 31,195 shares were traded daily on Euronext and the other trading platforms, which represents EUR 1.0 million. Adjusted for an average free float of 94%, EVS had a velocity of 62.7% during 2017.

EVS SHAREHOLDERS (IN %)



THE EVS SHARE OVER THE LAST 10 YEARS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Number of shares issued (average)	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13 625,000	13 736,111	13,875,000
Number of shares issued (31/12)	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13 625,000	13 625,000	13,875,000
Average number of shares, excl. own shares	13,502,080	13,501,815	13,490,812	13,513,053	13,480,715	13,449,081	13,465,244	13 511,048	13,554,643	13,578,250
Average free float	93.9%	93.5%	93.5%	93.5%	93.5%	93.5%	88.5%	82.8%	80.9%	79.5%
Annual volume[1]	8,017,152	10,191,122	11,809,385	17,242,611	14,884,293	8,758,751	16,614,717	13,166,859	15,990,689	13 393,117
Average daily volume (number of shares)[1]	31 195	39.654	46.130	66.574	58.600	34.348	63.904	51.034	62.463	52.317
Average daily volume (EUR)[1]	1,040,358	1,228,090	1,326,711	2,459,901	2,888,959	1,383,196	2,726,774	2,154,676	2,318,011	2,731,703
Standard velocity[2]	58.8%	74.8%	86.7%	126.6%	109.2%	64.3%	121.9%	96.6%	116.4%	96.5%
Adjusted velocity - Average free float[3]	62.7%	80.0%	92.7%	135.3%	116.8%	68.8%	137.8%	116.8%	144.0%	121.5%
Average annual share price (EUR)	33.35	30.97	28.76	36.95	49.30	40.27	42.67	42.22	37.11	55.78
Closing share price (EUR)	29.71	33.20	29.00	29.89	46.99	44.40	39.49	47.90	44.80	25.50
Highest share price (EUR)	38.75	36.50	36.40	47.97	57.19	46.00	48.30	49.49	53.24	80.39
Lowest share price (EUR)	26.75	24.89	21.06	23.52	39.88	34.97	34.10	31.97	21.22	21.00
Market capitalization (average, EUR millions)	454.4	422.0	391.9	503.4	671.7	548.7	581.4	575.2	509.7	773.9
Market capitalization (Dec. 31, EUR millions)	404.8	452.4	395.1	407.3	640.2	605.0	538.1	652.6	610.4	353.8
Gross dividend (EUR)	1.00	1.30	1.00	2.00	2.16	2.64	2.36	2.64	2.48	2.48
Net dividend (EUR)	0.70	0.93	0.74	1.50	1.62	1.98	1.77	1.98	1.86	1.86
Dividend yield (gross dividend on average share price)	3.0%	4.2%	3.5%	5.4%	4.4%	6.6%	5.5%	6.3%	6.7%	4.4%
Share buyback/share	0.00	0.00	0.00	0.36	0.00	0.00	0.17	0.27	0.05	0.52
Basic EPS (EUR)	1.77	2.43	1.76	2.63	2.52	3.10	2.38	2.82	1.88	3.33
Payout ratio (gross dividend on basic EPS)	56.5%	53.5%	56.8%	76.0%	85.7%	85.2%	99.2%	93.6%	131.9%	74.5%
Price/earnings ratio [4]	18.8	12.7	16.3	14.0	19.6	13.0	17.9	15.0	19.7	16.8

[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.

DIVIDEND

Since 2013, the Board of Directors has a dividend policy which aims at paying a high portion of the net profit, taking into account the cash needed to finance the company's growth with a maximum payout ratio of 100%. Since its IPO in 1998, EVS has always paid a dividend to its shareholders. For the 2017 fiscal year, the Board of Directors will propose to the shareholders, at the Ordinary General Meeting of May 15, 2018, the approval of the distribution of a gross dividend per share of EUR 1.00, of which EUR 0.50 was paid as an interim dividend in November 2017. If approved by the Ordinary General Meeting, the remaining gross dividend of EUR 0.50 (or EUR 0.35 net of Belgian withholding tax of 30%) will be paid on May 24, 2018 against coupon #26 (ex-date: May 22, 2018; record date: May 23, 2018). The Board proposal for 2017 represents a payout ratio of 56.5% and a dividend yield of 3.0% (on 2017 average share price).

SHAREHOLDING

Shareholders have an obligation to report the percentage of EVS shares they hold when this percentage crosses upwards and downwards the treshold 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 (13,625,000 shares at the end of 2017).

At December 31, 2017, the shareholding of EVS Broadcast Equipment was as in the graphic on page 15 (from recent statements received by the company and the position of treasury shares at December 31, 2017).

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, but also to know them better and to serve them better, EVS requires, under article 24 of its Statutes, 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 Bruxelles
Belgique

INFORMATION ACCESSIBILITY

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

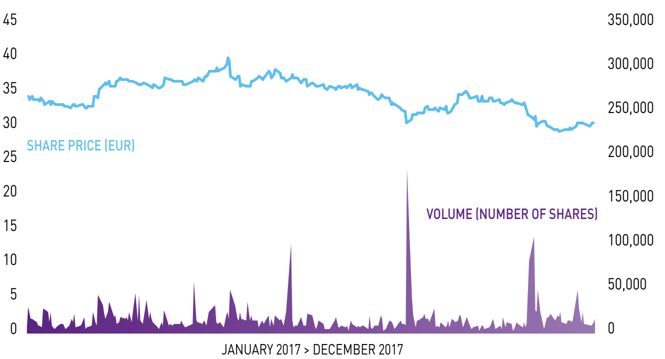
A page is also dedicated to the financial analysts who monitor the stock.

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

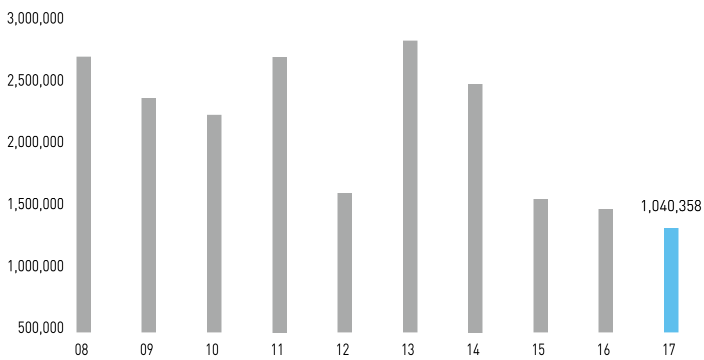
EVS has adopted a "quiet period" policy, which limits communication with investors during sensitive periods to basic, historic and non-time specific information. This quiet period begins one month before the publication of the earnings and continues until the earnings release date.

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

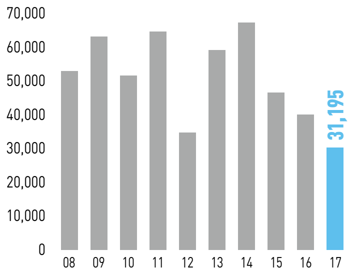
SHARE PRICE AND VOLUME



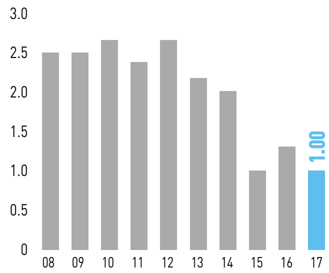
LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (EUR)



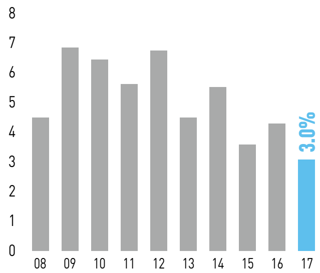
LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (NUMBER OF SHARES)



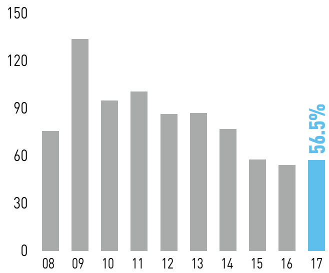
GROSS DIVIDEND PER SHARE AFTER SPLIT (EUR)



DIVIDEND YIELD (%)



PAYOUT RATIO (% OF BASIC EPS)



SHAREHOLDER'S CALENDAR

MAY 15, 2018
ORDINARY GENERAL MEETING

MAY 17, 2018
FIRST QUARTER 2018 RESULTS

MAY 22, 2018
FINAL DIVIDEND – EX-DATE

MAY 23, 2018
FINAL DIVIDEND – RECORD-DATE

MAY 24, 2018
DIVIDEND – PAYMENT DATE

AUGUST 30, 2018
SECOND QUARTER 2018 RESULTS

NOVEMBER 15, 2018
THIRD QUARTER 2018 RESULTS

KEY FIGURES. CONSOLIDATED – IFRS (EUR MIO)	2017	2016	2015	2016/2015
Revenue	118.8	130.8	118.5	-100.0%
Operating profit - EBIT[1]	34.9	46.2	32.7	-100.0%
Net profit (group share)	23.9	32.8	23.7	-100.0%
Investments	1.7	-0.2	5.0	N/A
Cash generated from operations	27.3	60.7	32.8	-100.0%
Total equity before profit allocation (31/12)	105.3	97.4	78.2	-100.0%
Net cash position (31/12)[2]	24.8	32.1	-3.4	N/A
Net working capital (31/12)[3]	42.9	34.7	46.8	-100.0%
Number of employees in FTE (31/12)	493	481	485	2.5%
Nombre d'employés en ETP (31/12)	493	512	486	-5.3%

DATA PER SHARE (EUR)	2017	2016	2015	2016/2015
Average number of shares excl. treasury shares	13 514 301	13,501,815	13,490,812	-100.0%
Basic net profit (group share)[4]	1.77	2.43	1.76	-100.0%
Gross dividend (interim + final dividend)	1.00	1.30	1.00	-100.0%
Equity per share	7.79	7.22	5.74	-100.0%

RATIOS (%)	2017	2016	2015	2016/2015
Gross margin (%)	73.7%	74.3%	71.1%	-
EBIT margin (%)[1]	29.4%	35.3%	27.6%	-
Net margin[5]	20.1%	25.1%	20.0%	-
Payout ratio (gross dividend/net profit)	56.5%	53.5%	56.8%	-
Dividend yield (gross dividend/average share price)	3.0%	4.2%	3.5%	-
Return on equity – ROE[6]	24.5%	42.0%	32.3%	-
Return on capital employed – ROCE[7]	36.3%	50.3%	34.5%	-

[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).

[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), excl. dcinex/ (goodwill + intangible and tangible assets + stocks).

FIND OUT MORE ONLINE
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OUR PRESENCE IN THE WORLD

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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

EVS

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MANAGEMENT REPORT

FINANCIAL REPORT

1. CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2017	2016	2015	2017/2016
Revenue	118.8	130.8	118.5	-9.2%
Gross margin %	73.7%	74.3%	71.1%	-
Operating profit - EBIT	34.9	46.2	32.7	-24.3%
Operating margin (EBIT) %	**29.4%**	**35.3%**	**27.6%**	-
Income taxes	-9.6	-13.1	-9.8	-26.4%
Net profit, group share	23.9	32.8	23.7	-27.2%
Net profit (%)	20.1%	25.1%	20.0%	-

2. HIGHLIGHTS

In 2017, we clearly maintained our leadership in our core business, in a changing industry. Building upon our know how in live video production, we also introduced new products lines to enter in new markets or seize new opportunities. In 2018, we will pursue our plans: execute and deliver what is in progress. And aside of that, we also continue to bring innovation on the market, with a particular focus on applications based on our pioneering work in artificial intelligence.

Regarding financial performance, the combination of lower sales than 2017, with a high gross margin and operating expenses under control (+3.6%) resulted in an operating margin of 29.4% and earnings per share of EUR 1.77. For 2018, as usual, it is too early for us to give a guidance on the revenue level. We expect opex to grow moderately compared to 2017, on top of the structural salary increases in Belgium.

3. STRATEGY AND LONG TERM GROWTH DRIVERS

EVS' core mission is to provide premium technologies to enrich and manage live video productions, in order to create unique stories from every live event.

This mission translates into a clear strategy focused on innovation and a targeted approach that answers to different needs. This strategy is further detailed in the "Annual review" document.

4. REVENUE

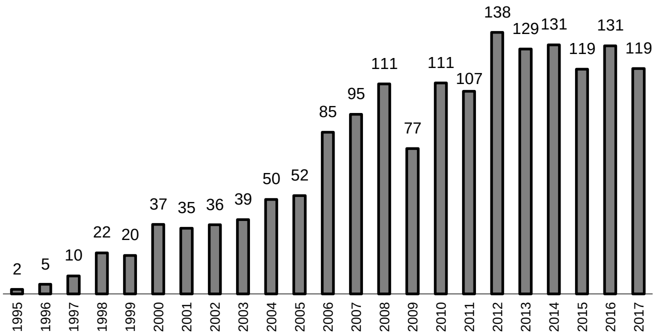
EVS revenue amounted to EUR 118.8 million in FY17, a decrease by 9.2% compared to 2016 (-1.3% at constant currency and excluding the big event rentals). Sales of solutions in Outside Broadcast vans increased by 1.7% to EUR 68.5 million, representing 57.7% of total group sales in FY17. Studio & others sales decreased by 6.5% in FY17 to EUR 48.0 million, representing 40.3% of total sales. Big events rentals amounted to EUR 2.3 million in FY17 (relating to the Confederation Cup in Russia, to the Southeast Asian games and to some work performed in preparation of the Winter Olympics of 2018), compared to EUR 12.1 million in FY16. They represented 2.0% of total sales in FY17.

In 2017, in Europe, Middle-East and Africa ("EMEA"), sales (excl. big event rentals) amounted to EUR 56.1 million (+6.1% compared to 2016), representing 47.3% of group revenue.

Sales (excl. big event rentals) in Americas ("NALA") were EUR 32.8 million (-16.0% at constant currency).

In Asia & Pacific ("APAC"), sales (excl. big event rentals) were EUR 27.6 million (+6.0% at constant currency).

Revenue evolution (EUR millions)



Sales by region (EUR millions)

	2017	2016	Mix 2017	2017/2016
Europe, Middle-East, Africa (EMEA)	56.1	52.9	47.3%	+6.1%
Americas (NALA)	32.8	39.8	27.6%	-17.7%
at constant exchange rate	*33.4*	*39.8*	-	*-16.0%*
Asia-Pacific (APAC)	27.6	26.0	23.2%	+6.0%
Big event rentals	2.3	12.1	2.0%	-80.8%
TOTAL	**118.8**	130.8	**100%**	**-9.2%**

5. RESEARCH AND DEVELOPMENT

Research and Development ("R&D") expenses in 2017 were EUR 25.0 million, +5.4% compared to 2016. These expenses represent 21.1% 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 2017, there were 258 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 tapeless 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.

6. STAFFING

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

	Corporate Services	Research & Development	Sales & Marketing	Production & Operations	Total
Dec. 31, 2015	67	238	59	122	485
Dec. 31, 2016	62	238	60	121	481
Dec. 31, 2017	58	258	59	118	493

As of December 31, 2017, EVS had a total of 493 employees (full-time equivalents, including 5 managers ("membres du personnel de direction"), 459 employees and 29 consultants, advisors and temporary), an increase of 2.5% compared with end of year 2016. The total salary cost stands at EUR 36.9 million in 2017 as opposed to EUR 39.1 million in 2016. Throughout 2017, the average number of employees was 481, down 0.4% over 2016 (483).

7. RESULTS

7.1. 2017 key figures per quarter

IFRS - EUR million, except earnings per share, expressed in EUR	1Q17 unaudited	2Q17 unaudited	*1H17 Reviewed*	3Q17 unaudited	4Q17 unaudited	*2H17 unaudited*	2017 audited
Revenue	24.5	28.3	*52.8*	26.3	39.8	*66.1*	**118.8**
Gross margin	17.2	21.1	*38.3*	18.5	30.8	*49.3*	**87.6**
Gross margin %	70.3%	74.5%	*72.5%*	70.5%	77.4%	*74.6%*	**73.7%**
Operating profit – EBIT	4.9	7.9	*12.8*	5.6	16.5	*22.1*	**34.9**
Operating margin – EBIT %	20.1%	28.0%	*24.3%*	21.2%	41.6%	*33.4%*	**29.4%**
Net profit – Group share	3.6	5.5	*9.1*	3.8	11.0	*14.8*	**23.9**
Basic earnings per share	0.26	0.41	*0.67*	0.28	0.82	*1.10*	**1.77**

7.2. Comments on the results

Consolidated gross margin was 73.7% for FY17, compared to 74.3% in FY16, mainly due to lower revenue. Operating expenses grew by 3.6% vs last year and remain under control. Other operating income mainly includes the reversal of a debt (potential earn-out following the acquisition of SVS at the end of 2014 - see note 20.3). This leads to a FY17 EBIT margin of 29.4% (28.3% excluding operating income). 2016 also included non-recurring items in "other operating income" related to the sale of a former building. The operating margin in 2016, excluding other operating income, was 34.3%. Net profit amounted to EUR 23.9 million in 2017, compared to EUR 32.8 million in 2016. Basic earnings per share amounted to EUR 1.77 in 2017, compared to EUR 2.43 in 2016.

7.3. Data per share (EUR)

	2017	2016	2015	2017/2016
Weighted average number of subscribed shares for the period, less treasury shares	13,514,301	13,501,815	13,490,812	+0.1%
Basic net profit, group share	**1.77**	**2.43**	**1.76**	**-27.2%**

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

At the end of 2017, total equity represented 68.9% of total balance sheet. Inventories amounted to EUR 15.7 million and include around EUR 3.0 million value of own equipment used for R&D and demos of EVS products. In the liabilities, provisions include mainly the provision for technical warranty on EVS products for labor and parts.

Lands and building mainly include the new headquarters in Liège. Depreciation on the building approximately amount to EUR 2.1 million on a full year basis. Liabilities include EUR 14.6 million of financial debt (including long term and short term portion of it), mainly relating to the new building. 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 9.9 million in 2017, mainly due to lower sales and timing of tax payments. At 31 December 2017, the Group's balance sheet showed EUR 39.4 million in cash and cash equivalents.

At the end of 2017, the capital was represented by 13,625,000 shares, of which 105,771 were owned by the company (at an average historical cost of EUR 38.18).

In 2017, the company did not repurchase any share on the stock market. 250 shares were used to satisfy the exercise of warrants by employees. 13,090 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 16, 2017 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 December 2017, the Board of Directors granted 142,000 new warrants. In addition, regarding warrants previously allocated, there were 250 exercises and 119,990 warrants were cancelled. As of December 31, 2017, 232,900 warrants were outstanding with an average strike price of EUR 35.53 and an average maturity of August 2021. However, none of these warrants were exercisable at the end of December 2017 and in-the-money (with an exercise price below the share price as of December 31). The 232,900 existing warrants have a theoretical potential diluting effect of 1.77% on capital. This is partially covered by the 105,771 treasury shares.

9. PROVISIONS FOR RISKS AND CHARGES

As per December 31, 2017, EUR 1.2 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, 2017, the net book value of lands and buildings was EUR 45.8 million. In addition, all other existing facilities of EVS that are now or sale due to the move to the new headquarters have been reclassified as “Asset classified as held for sale” on the balance sheet for an amount of EUR 4.0 million. Most of the buildings have benefited from regional or European subsidies.

12. CAPITAL AND SUBSIDIARIES

The EVS Broadcast Equipment SA capital of EUR 8,342,479 is represented by thirteen million six hundred and twenty five thousand shares (13,625,000) without any designation of nominal value. The number of shares has not changed in 2017.

13. OUTLOOK 2018

The order book (to be invoiced in 2018) on February 15, 2018 amounts to EUR 37.5 million (included EUR 10.6 million of big events rental), +3.3% compared to EUR 36.3 million last year (or -23.5% excl. big event rentals). In addition to this order book to be invoiced in 2018, EVS already has EUR 4.7 million of orders to be invoiced in 2019 and beyond.

For 2018, as usual, it is too early to give an outlook on sales levels given the volatility of the order book and the short delivery times in our industry. We expect a moderate increase in operating expenses compared to 2017, in addition to the structural wage indexation in Belgium.

As a result of the tax reforms in Belgium and the United States, the company's management expects (all other things being equal) a reduction in the consolidated effective tax rate of around 2 percentage points, to be adjusted according to the actual level of sales and the final geographical distribution.

14. SUBSEQUENT EVENTS

Significant events that arose after the balance sheet date are:

- The information communicated in the 2017 annual results released on February 22, 2018;

15. PROPOSALS BY THE BOARD TO THE SHAREHOLDERS

As it was proposed since the introduction of the stock exchange in 1998, the Board of Directors has decided to maintain the optimization of the return for shareholders in the form of a dividend and/or repurchase of own shares. The Board, therefore, recommends a total gross dividend of EUR 1.00 per share (including the interim dividend of EUR 0.50) at the Ordinary General Meeting to be held on May 15, 2018, what would imply a final gross dividend of EUR 0.50 per share to be paid on May 24, 2018. The Board of Directors proposes to grant around 42 shares 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 2017.

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. Today, this Charter is based on the 2009 Belgian Code on Corporate Governance ("The 2009 Code"). The Board still reviews this Charter whenever needed. This document is fully available on the group's website (www.evs.com).

The Charter adopted by the Board of Directors meets EVS most points in 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, 2017, the Board of Directors was made up of 6 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.

Christian Raskin and Freddy Tacheny resigned from the Board, effective on December 31, 2017. In January 2018, Pygargue sprl (represented by Pierre De Muelenaere) and W7 sprl (represented by Vincent Werbrouck) were coopted, and their mandate will be proposed for renewal during the General Meeting of May 2018.

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 2017, the Board met 8 times and notably discussed the following matters: strategic review, R&D and product developments, monitoring subsidiaries, liquidity management, 2017 business updates, the 2018 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 three non-executive independent directors. This committee assumes the missions described in the Article 526bis of the Belgian "Code des sociétés". 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 2017 in the presence, for most of the topics, of the CFO and the company's Auditor.

Christian Raskin (Bachelor in Accounting and Master in Economic Sciences, 20 years of experience in executive functions at Draka) and Yves Trouveroy (two Certificates in Law, 15 years of experience in an investment company) have the competencies in accounting and audit. Christian Raskin resigned from the Board on December 31, 2017. He has been replaced in the Audit Committee in January 2018 by Vincent Werbrouck (civil Engineer, Executive Master in Management and more than 10 years of experience in executive functions at Magotteaux).

3.2. Remuneration Committee

The Remuneration Committee is composed of two non-executive independent directors. This committee assumes the mission described in the article 526quater of the Belgian "Code des Sociétés". More generally, it assists the Board of Directors in its responsibilities concerning the setting of remuneration for the company's executives and managers. The members of this committee met 4 times in 2017.

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 2017, the Strategy Committee members met 1 time.

On December 31, 2017, the Board of Directors was made up as follows:

		Director since	Audit Committee	Remuneration Committee	Strategic Committee	Term of mandate	Activities in 2017	
							Attendance Board meetings	Attendance Committees
Michel COUNSON	Managing Director	1994				May 2020	8	-
MucH sprl, represented by Muriel DE LATHOUWER	Managing Director	2013		Invited	Member	May 2019	8	-
Innoconsult bvba, represented by Martin DE PRYCKER	Independent Director	2016		Chairman	Member	May 2020	8	5
7 Capital sprl, represented by Chantal De VRIEZE* **	Independent Director	2017				May 2021	7	7
MMBu, represented by Patricia LANGRAND	Independent Director	2017				May 2021	6	-
Yves TROUVEROY	Independent Director	2011	Chairman			May 2019	8	3
Directors who had responsibilities in 2017 but were not any more a member of the Board on December 31, 2017:								
Patrick TILLIEUX *	Independent Director, Chairman	2015		Member	Chairman	15/10/2017	5	4
Christian RASKIN **	Independent Director	2010	Member	Member		31/12/2017	7	7
Freddy TACHENY **	Independent Director	2013			Member	31/12/2017	7	-

* Patrick Tillieux resigned from the Board on October 15, 2017. Yves Trouveroy was appointed as Chairman Ad Interim until the cooptation of Pygargue sprl (represented by Pierre De Muelenaere) in January 2018

** Christian Raskin and Freddy Tacheny resigned with effect on December 31, 2017.

*** 7 Capital, représented by Chantal De Vrieze took part to the meeting of the Board, as Advisor, until her appointment in May 2017.

Michel COUNSON (1960)

CTO Hardware Design of the company since it was founded in 1994, Michel COUNSON graduated as an Engineer in electronics from the Institut Supérieur Industriel Liégeois in 1982. He started his career as a Hardware Engineer with TECHNIQUES DIGITALES 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. He manages the Hardware Department.

Muriel DE LATHOUWER (1972)

Muriel De Lathouwer (representing MucH sprl) is the Managing Director & CEO of EVS. Before joining EVS, De Lathouwer spent almost 20 years in the telecom, high tech, IT and media industries. She started her career as IT consultant at Accenture followed by 7 years at McKinsey, where she advised major cable and telecom operators, as well as media and high tech companies around the world on key strategic topics. Most recently, De Lathouwer was the Chief Marketing Officer and a member of the executive committee at mobile telecom operator BASE (a subsidiary of KPN). She is an Engineer in Nuclear Physics (ULB, Brussels), and holds an MBA from Insead (Paris). She is a member of Women on Board (a Belgian and European network of women members of Board of Directors).

Martin DE PRYCKER (1955)

Martin De Prycker (representing InnoConsult bvba) 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). Between 2002 and 2009, he was CEO of Barco (display hardware and software manufacturer based in Belgium). 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 Altran Belgium and Luxembourg 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)

Yves TROUVEROY (1961)
Yves Trouveroy is Partner at E-Capital Equity Management, the management company of the private equity funds E-Capital I (1999), E-Capital II (2007) and E-Capital III (2011) that invest in Belgian small and medium-sized companies. Before 1999, he practiced as Lawyer at De Bandt, van Hecke & Lagae (now Linklaters) and then served as executive in the International Trade & Project Finance and Corporate Investment Banking departments of Generale Bank (Fortis). He holds a law degree and a Political Sciences degree from the Université Catholique de Louvain and a Masters of Laws (LLM) from New York University.

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, 2017, the Executive Committee was composed of:

- MucH sprl, represented by Muriel DE LATHOUWER, Managing Director and CEO
- Yvan ABSIL, CFO
- Axel BLANCKAERT, CTO
- Ervan POULIQUEN (representing NBIC Watch sprl), Chief Customer Officer and Head of International Sales
- Benoît QUIRYNEN, Chief Market Officer

Bernard Escoyez started as Chief People Officer on January 4, 2018.

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 boday 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 senior management team in general, including the diversity of professional skills in particular. In 2017, our senior management team is diversified from several angles: Its size, extended to 13 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 Ernst & Young Réviseurs d'Entreprises SCCRL (B-00160), represented by Marie-Laure MOREAU (A-01729), Belgian Réviseur d'Entreprise. The mandate of the Auditor is for three years, and will end at the Ordinary General Meeting of May 2019.

In 2017, all fees related to the Auditor of the parent company, Ernst & Young Réviseurs d'Entreprises SCCRL (B-00160), represented by Marie-Laure MOREAU and its associates, amounted to EUR 54,500 in aggregate for their duties as Auditor.

6. SHAREHOLDING (AS OF DECEMBER 31, 2017)

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, 2017 is as follows:

Shareholder	Number of shares	% statutory basic (1)	% statutory diluted (2)
Michel Counson	835,906	6.1%	6.0%
Treasury shares EVS	105,771	0.8%	0.8%
Degroof Petercam Asset Management	436,746	3.2%	3.1%
Norges Bank	460,115	3.4%	3.3%
Undeclared	11,786,462	86.5%	85.1%
Total	**13,625,000**	**100.0%**	
Total excl. Treasury shares	**13,519,229**		
Outstanding warrants as of Dec. 31	232,900		1.7%
Total diluted	13,857,900		100.0%
Total diluted, excl. treasury shares	13,752,129		

(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.

The capital of EVS is currently represented by 13,625,000 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, 2017, EVS had 105,771 own shares. According to Euroclear and the EVS Shareholders Register, there were 918,103 registered shares of which 811,528 are owned by Michel Counson (who also own 24,378 dematerialized shares), 11,208 by EVS, 59,346 by the EVS employees under the profit sharing scheme and the remaining balance by 11 private shareholders. In the EVS accounts at Euroclear, there were 12,706,897 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. 13,625,000 shares at the end of 2017).

7. GENERAL MEETINGS

Each year, EVS holds its Ordinary General Meeting on the third Tuesday of May. In 2017, it was held at the company's headquarters on May 16. Overall, 243 shareholders were present or represented, representing 4,301,089 shares, or 31.6% of the share capital of EVS. All resolutions were approved at an average rate of 98.7% 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.

An Extraordinary General Meeting was held on November 14, 2017. One resolution, which did not require any specific quorum, was approved with 99.6% of the votes. As the quorum required by the three other points was not reached, a second General Meeting was held on December 4, 2017. These three resolutions were approved with an average 89.2% of the votes.

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 dividend policy established by the Board of Directors aims at paying a high portion of the net profit, taking into account the cash needed to finance the company growth, and with a maximum payout ratio of 100%.

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 2017, 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.
- Under the lead of its chairman, the board should regularly (e.g. at least every two to three years) assess its size, composition, performance and those of its committees, as well as its interaction with the executive management (point 4.11): there hasn't been any evaluation of the Board of Directors in 2016. This evaluation has been performed at the beginning f 2018, with the support of Guberna.

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 Chairman, if he is non-executive, receives a higher fixed amount per meeting than the other members.

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 2017

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 2017, Directors received the following compensation for the execution of their mandate:

		Fixed amount		Variable amount linked to attended meetings		TOTAL 2017
		Board of Directors	Special committees	Board of Directors	Special committees	
Non-executive						
Innoconsult bvba, represented by Martin DE PRYCKER	Independant Director	20,000	2,000	3,000	5,000	30,000
7 Capital sprl, represented by Chantal DE VRIEZE (1)	Independant Director	20,000	-	1,500	7,000	28,500
MMBu, represented by Patricia LANGRAND	Independant Director	13,333	-	3,000		16,333
Christian RASKIN	Independant Director	20,000	-	1,500	7,000	28,500
Freddy TACHENY	Independant Director	20,000		1,500	-	21,500
Patrick TILLIEUX (2)	Independant Director	30,000	1,500	1,500	4,000	37,000
Yves TROUVEROY (3)	Independant Director	25,000	2,000	3,000	3,000	33,000
Executive						
Michel COUNSON	Managing Director	20,000	-	-	-	20,000
MucH sprl, represented by Muriel DE LATHOUWER (3)	Managing Director	20,000	-	-	-	20,000

(1) Including the remuneration received by 7 Capital sprl (represented by Chantal De Vrieze) as Advisor from January 1 until May 16, 2017.
(2) Until his resignation on October 15, 2017
(3) Following the resignation of Patrick Tillieux on October 15, Yves Trouveroy was appointed Chairman ad interim of the Board from October 15 until December 31, 2017.
(4) This remuneration is included in the amounts mentioned in 2.2.1.

As of December 31, 2017, 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 13,625,000, or 6.1% of the capital. In December 2017, the CEO received 10,000 warrants.

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 sales and operational result 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 CEO receives, as approved by the Ordinary General Meeting of May 2015 and amended by the General Meeting of May 2017:

- a fixed remuneration,
- a variable remuneration according to annual criteria mentioned above (EBIT)
- a variable remuneration according to multiannual criteria, based on the evolution of the operating profit during the period 2015-2017
- a fixed amount for recurring costs (company car, insurance).

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.

As from 2018, all members of the Executive Management will receive 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 2017

2.2.1. CEO

MucH sprl, permanently represented by Muriel De Lathouwer, was appointed as Managing Director & CEO on February 16, 2015. In 2017, MucH sprl received a total of EUR 305,000 for its executive functions. MucH sprl and her permanent representative Muriel De Lathouwer also received EUR 90,000 to cover recurring costs (company car, insurance) and for her mandates of Director. In 2017, a variable compensation of EUR 237,994 was also attributed to MucH sprl. In addition, the CEO received in 2017 a bonus of EUR 150,000 related to the three year objectives covering the 2015-2017 period.

2.2.2. Other members of the executive management

For fiscal year 2017, the other members of the executive management were:

- Yvan ABSIL, Chief Financial Officer
- Christine VANDER HEYDEN, Senior Vice President, Human Resources (until August 11, 2017)
- Benoît QUIRYNEN, Chief Market Officer
- Axel BLANCKAERT, Chief Technology Officer
- NBIC Watch sprl, represented by Ervan POULIQUEN, Chief Customer Officer (since September 1, 2017)

The other members of the executive management received, in 2017, on a prorata basis of their presence in the executive management: a fixed global compensation of EUR 857,818 (total company cost), a global variable compensation of EUR 367,266 (total company cost), a contribution for pension of EUR 41,940 (see more details on the plan in note 6.3.1) and other benefits for EUR 76,941 (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 2017, the CEO and the other members of the executive management received a total of 40,000 warrants.

3. CONFLICT OF INTEREST PROCEDURES

During the year under review, there was no conflict of interest according to the specific procedure provided for under Articles 523 and 524 of Company Law.

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.

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, March 30, 2018

CERTIFICATION OF RESPONSIBLE PERSONS

Muriel De Lathouwer, Managing Director and CEO
Yvan Absil, Senior Vice President, CFO

certify that, based on their knowledge,

a) the annual 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 evolution of the business, the results and the situation of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(EUR thousands)	Notes	2017 Audited	2016 Audited
Revenue	3	118,784	130,817
Cost of sales	6.2	-31,207	-33,660
Gross profit	**6.2**	**87,577**	**97,156**
Gross margin %		**73.7%**	**74.3%**
Selling and administrative expenses	6.4	-28,085	-27,537
Research and development expenses	6.3	-25,008	-23,725
Other income	6.6, 18	1,320	1,245
Other expenses		-269	-400
Profit-sharing plan and warrants	6.4	-589	-560
Operating profit (EBIT)		**34,945**	**46,179**
Operating margin (EBIT) %		**29.4%**	**35.3%**
Interest revenue on loans and deposits	6.5	57	20
Interest charges	6.5	-388	-472
Other net financial income / (expenses)	6.5	-1,194	94
Share in the result of the enterprise accounted for using the equity method	5	124	111
Profit before taxes		**33,543**	**45,933**
Income taxes	7	-9,645	-13,101
Net profit from continuing operations		**23,898**	**32,832**
Net profit		**23,898**	**32,832**
Attributable to :			
Non controlling interest			
Share of the group		**23,898**	**32,832**

EARNINGS PER SHARE *(in number of shares and in EUR)*	**8**	**2017 Audited**	**2016 Audited**
Weighted average number of subscribed shares		13,514,301	13,501,815
Weighted average fully diluted number of shares		13,514,301	13,501,815
Basic earnings – share of the group		1.77	2.43
Fully diluted earnings – share of the group (1)		1.77	2.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)	2017 Audited	2016 Audited
Net profit	**23,898**	**32,832**
Other comprehensive income of the period		
Currency translation differences	-450	224
Other increase/ (decrease)	40	123
Total of recyclable elements	-410	347
Total comprehensive income for the period	**23,488**	**33,178**
Attributable to :		
Non controlling interest		
Share of the group	**23,488**	**33,178**

(1) Diluted earnings per share equals basic earnings per share because the 232,900 warrants outstanding at the end of December 2017 were not exercisable as their exercise prices were lower than the average market price of EVS shares during 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS (EUR thousands)	**Notes**	**Dec 31, 2017 Audited**	**Dec. 31, 2016 Audited**
Non-current assets :			
Goodwill	10	1,125	1,125
Other intangible assets	11	291	386
Lands and buildings	12	45,812	46,843
Other tangible assets	12	2,897	3,358
Investment accounted for using equity method	5	1,091	954
Other amounts receivables	15	1,759	2,216
Deferred tax assets	7.3	3,297	4,090
Financial assets	13	273	341
Total non-current assets		**56,546**	**59,314**
Current assets :			
Inventories	14	15,667	13,549
Trade receivables *	15	33,144	24,882
Other amounts receivable, deferred charges and accrued income	15	3,820	3,364
Financial assets	16	236	2,003
Cash and cash equivalents	17	39,423	53,150
Total current assets		**92,291**	**96,947**
Non-current assets classified as held for sale	18	**4,016**	**4,016**
Total assets		**152,853**	**160,276**

EQUITY AND LIABILITIES (EUR thousands)	**Notes**	**Dec 31, 2017 Audited**	**Dec. 31, 2016 Audited**
Equity			
Capital	**19**	**8,342**	**8,342**
Reserves	19.6	100,453	92,611
Treasury shares	19.5	-4,038	-4,548
Total consolidated reserves		**96,415**	**88,064**
Translation differences	19.7	590	1,040
Equity, share of the group		**105,347**	**97,446**
Non-controlling interest		**-**	**-**
Total equity		**105,347**	**97,446**
Provisions	21	1,212	1,120
Deferred taxes liabilities	7.3	-	-
Financial debts	20	9,300	14,550
Other debts	20	59	1,241
Non-current liabilities		**10,572**	**16,911**
Financial debts	20	5,250	5,250
Trade payables	22	5,870	3,722
Amounts payable regarding remuneration and social security		8,513	8,856
Income tax payable		8,851	17,067
Other amounts payable, advances received, accrued charges and deferred income	22	8,451	11,025
Current liabilities		**36,935**	**45,919**
Total equity and liabilities		**152,853**	**160,276**

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	2017 Audited	2016 Audited
Cash flows from operating activities			
Net profit, share of the group		**23,898**	**32,832**
Adjustment for:			
-Other comprehensive income and other income		99	-593
- Depreciation and write-offs on fixed assets	11, 12	3,292	3,290
- Stock based compensation and ESOP	6.4	589	560
- Provisions	21	92	-12
- Income tax expenses	7	9,645	13,101
-Interests expense (+) / Income (-)	6.5	274	358
-Share of the result of entities accounted for under the equity method		-124	-111
Adjustment for changes in working capital items:			
-Inventories	14	-2,118	2,019
-Trade receivables	15	-8,262	9,156
-Other amounts receivable, deferred charges and accrued income	15	-68	256
-Trade payables	22	2,149	-1,265
-Amounts payable regarding remuneration and social security		-353	-1,47023
-Other amounts payable, advances received, accrued charges and deferred income		-2,065	2,106
Cash generated from operations		*27,047*	*60,674*
Income taxes paid	7	-17,372	-9,460
Net cash from operating activities		**9,675**	**51,214**
Cash flows from investing activities			
Purchase of intangible assets		-72	18
Purchase of tangible assets (lands and building and other tangible assets)	12	-1,667	169
Other financial assets		545	-959
Net cash used in investing activities		**-1,194**	**-772**
Cash flows from financing activities			
Reimbursement of borrowings	20	-5,250	-24,800
Proceeds from new borrowings	20		19,800
Interests paid	6.5	-388	-472
Interests received	6.5	57	20
Other financial expenses / income		58	-
Dividend received from investee		-	32
Dividend paid - interim dividend	9	-6,760	-8,104
Dividend paid - final dividend	9	-9,446	-6,753
Acquisition (-) / sale (+) of treasury shares	19.5	-	412
Net cash used in financing activities		-22,208	-19,864
Cash and cash equivalents at beginning of period		**53,150**	**22,572**
Cash and cash equivalents at end of period		**39,423**	**53,150**

(1) Following an error, the cash flow statement had to be changed compared to the one in the 2017 earnings publication on February 22, 2018. The cash flow from operations is reduced by some EUR 200 thousand and the cash flows from financing activities are increased by the same amount.

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, 2016	**8,342**	**73,953**	**-4,960**	**816**	**78,152**	**6**	**78,158**
Total comprehensive income of the period		32,954		224	33,178		33,178
Business combination					-	-6	-6
Share-based payments		560			560		560
Acquisition/sale of treasury shares			412		412		412
Final dividend		-6,753			-6,753		-6,753
Interim dividend		-8,104			-8,104		-8,104
Balance as at December 31, 2016	**8,342**	**92,611**	**-4,547**	**1,040**	**97,446**	**-**	**97,446**

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Non-controlling interest	Total equity
Balance as at January 1, 2017	**8,342**	**92,611**	**-4,547**	**1,040**	**97,446**	**-**	**97,446**
Total comprehensive income of the period		23,938		-450	23,488		23,488
Acquisition of non-controlling interests					-		-
Share-based payments		589			589		589
Acquisition/sale of treasury shares			509		509		509
Final dividend		-9,446			-9,446		-9,446
Interim dividend		-6,760			-6,760		-6,760
Other allowance		-478			-478		-478
Balance as per December 31, 2017	**8,342**	**100,453**	**-4,038**	**590**	**105,347**	**-**	**105,347**

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, 2017 were established by the Board of Directors of March 30, 2018. 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 15, 2018.

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 "Code des Sociétés" 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, 2017. 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 :

- Amendments to IAS 7 Statement of cash flows – Initiative with regards to information to be provided. The amendments require that the entity provide information about variances in liabilities originated from financing activities which include changes from treasury flows but also changes without treasury counterpart (such as foreign exchange).

  EVS discloses information about current period in Note 20.4.

- Amendments to IAS 12 Income taxes – recognition of deferred tax assets for unrealized losses. The amendments clarify that when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences. Amendments also provide information on how the entity should determine future taxable profits and the entity shall consider whether there is sufficient evidence to conclude that it is probable that the entity will recover the asset for more than its carrying amount.

EVS has applied those amendments retrospectively. However, these amendments have no impact because the group hasn't deductible temporary differences or assets that fall within the scope of the amendment.

- Annual improvements to IFRS Standards 2014-2016 Cycle

Annual improvements 2014-2016 clarify the scope of the standard IFRS 12 by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

These amendments didn't have any impact on the consolidated financial statements of the group.

IFRS norms, amendments or interpretations applicable after December 31, 2017, and not anticipated by the Group

The following standards and interpretations are published, issued but are not yet effective and have not been applied to the IFRS financial statements of the Company. Some may or may not affect the preparation of future annual reports. The Company will assess full impact of these standards in due course:

- IFRS 9 Financial instruments. IFRS 9 covers the three aspects of the financial instruments recognition project: the classification and measurement, the impairment and the hedge accounting. It will be applicable for annual periods beginning on or after 1 January 2018.
    - Classification and measurement
      EVS does not expect the implementation of IFRS 9 will have a significant impact on its financial situation or on its equity. Most of the financial assets consists of trade receivables which are held to collect contractual cash flows and it is expected that those cash flows represent solely payments of principal and interests. Consequently, trade receivables will be recognized at amortized cost according to IFRS 9.
    - Impairment
      The norm imposes EVS to recognize expected credit losses on its trade receivables. The group foresees to choose the simplified approach and to recognize the expected credit loss on the total of its trade receivables. The group started to collect historical statistical data of credit losses by adapting its IT systems. As at 31 December 2017, this work was still on going and should be finalized during the first months of 2018. However, the impact is not expected to be significant.
    - Hedge accounting
      Currently, EVS does not apply hedge accounting. If this should be implemented in the future, EVS will then apply IFRS 9.

- IFRS 15 Revenue from Contracts with Customers, also including IFRS 15 amendments. This standard provides a single principle based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of the performance obligations in a contract and requires that revenue be recognized when such obligations are satisfied. The standard will be applicable for annual periods beginning on or after 1 January 2018. EVS did finalize the IFRS 15 analysis in 2017 with the main conclusions as described below:
    - It is the intention of the Company to choose for the transitional modified retrospective method when we will first apply IFRS 15 meaning that (i) we will apply the new revenue recognition standard to all existing contracts as of January 1, 2018 (ii) will perform an inventory of contracts with performance obligations remaining under current guidance as at December 31, 2017 (iii) if any, will post a cumulative catch-up adjustment as of January 1, 2018 for contracts with performance remaining under current guidance (iv) will present 2017 figures in our annual report as at December 31, 2018 under current revenue guidance and will present the necessary disclosures in order to explain significant changes and disclose the amount that each financial line item is affected, compared with current guidance;
    - During 2017, the group worked on identifying the different types of contracts and has analyzed the potential consequences following the implementation of the new norm for each of them. However, based on the findings up to date, the Group considers those cases should be insignificant and that the consequence on the revenue recognition will be limited.
    - During this analysis, a particular focus has been granted to the following transactions:
        - Sale of equipments
          The group considers that 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. No impact is therefore expected for this type of transactions.
        - WIP ("Work in progress") contracts
          This category of contracts includes contracts with a value of more than 500 K€ and with 3 months duration at least. The complexity of the project is also considered for the qualification as WIP. The group expects the revenue recognition for this type of contracts will remain over the time, in accordance with current practices.
        - Other services
          Other services, sold separately or with in combination with other equipment sale, are offered by the group. Those services are to be considered as a distinct performance obligation for which a reallocation of the consideration is already done if necessary. In most cases, the revenue recognition occurs over time as the customer simultaneously receives and consumes the benefits provided by the group. The group therefore does not expect the impact to be significant.
        - Warranties
          The company offers warranties on the products delivered but those are mostly assurance-type warranties and will continue to be recognized in accordance with IAS 37.

- IFRS 16 Leases. This standard provides a basis for the accounting of leasing contracts by lessees and lessors. As the Company has concluded lease agreements for a.o rent of offices in various countries, this standard will impact our statement of financial position when it will be applied. The standard will be applicable for annual periods beginning on or after 1 January 2019. For EVS, approximately 300 company cars rental contracts and the rental agreements for the rent of offices in various foreign countries will be impacted by IFRS 16. EVS foresees to apply for the two recognition exemption for lessees: leases of "low-value" assets and short-term leases. The group does not expect to anticipate the implementation of the norm.
- Amendments to IFRS 2 Classification and measurement of Share-based payment transactions (applicable for annual periods beginning on or after 1 January 2018);
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018);
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018);
- IFRIC 23 Uncertain tax positions (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 9 Financial instruments – prepayment features with negative compensation and modification of financial liabilities (applicable for annual periods beginning on or after 1 January 2019);
- Amendments to IAS 28 Long-term interests in associates and joint ventures (applicable for annual periods beginning on or after 1 January 2019);
- Annual improvements to IFRS Standards 2014-2016 Cycle (applicable for annual periods beginning on or after 1 January 2018)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019)

At the exception of the comments made relating to IFRS 15 and IFRS 16 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 accounting treatment of the post-employment benefits (see note 6.4.1.) and 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)
2017	1,1296	1,1993
2016	1,1069	1,0541
Variation	*-2,0%*	*-12,1%*

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.
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.

2.12. 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. Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion activity at the balance sheet date. The completion level of the projects is determined on a quarterly basis, depending on the effective level of completion of the specifications and on the complexity of the project. This is the result of a dialogue between the Business Controller, the Project Manager, the legal department and the customer. Where it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.16. Trade and other receivables

Receivables are stated in the balance sheet at original invoice amount less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer expected. Bad debts are written off when identified.

2.17. Other current and non-current assets

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

2.18. 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.

2.19. 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.

2.20. 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.

2.21. 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.

2.22. 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.

2.23. 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.

2.24. 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).

2.24.1. 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.

2.25. Revenue recognition from ordinary activities

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.
As far as the sale of goods is concerned, revenues are recognized as soon as the company has transferred the significant risks and benefits inherent to the ownership of the goods to the buyer. Sales are recognized when there is clear evidence of an agreement, when the delivery has taken place, when the remuneration is determined and determinable and when it is probable that the payment will be received.
As regards the services provided, revenues are also recognized in line with the work in progress. 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.
Revenues from public subsidies are deducted from the depreciation charge at the rate of depreciation of the goods for which they have been obtained.
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.

2.26. 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.

2.26.1. 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.

2.26.2. 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.

2.27. Government grants

2.27.1. 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.

2.27.2. 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.

2.28. Leases (EVS as lessee)

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

2.28.1. 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.

2.28.2. 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.

2.29. 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 Administration conclude that the criteria of IAS38.57 were not met. Consequently, development costs incurred in 2017 cannot be capitalized.

2.30. 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.

2.31. 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.

2.31.1. 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.

2.31.2. 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.

2.32. 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".

2.33. 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.

2.34. 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.

2.35. 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, it does not exclude a future evolution of the segmentation following the development of the company, its products and its internal performance indicators.

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)	2017	2016	% 2017/2016
Outside broadcast vans	68,482	67,366	+1.7%
Studio & others	47,976	51,318	-6.5%
Big sporting event rentals	2,326	12,133	-80.8%
Total	**118,784**	**130,817**	**-9.2%**

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
2017 revenue	27,565	56,126	32,767	2,326	118,784
Evolution versus FY16 (%)	+6.0%	+6.1%	-17.7%	-80.8%	-9.2%
Variation versus FY16 (%) at constant currency	+6.0%	+6.1%	-16.0%	-80.8%	-8.7%
2016 revenue	25,999	52,877	39,808	12,133	130,817

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 US (Americas, EUR 27.4 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)	2017	2016	% 2017/2016
Systems	107,884	119,759	-9.9%
Services	10,899	11,058	-1.4%
Total Revenue	**118,784**	**130,817**	**-9.2%**

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 2017, no external customer of the company accounted for more than 10% of turnover.

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

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.17	Incorporation method used (1)	Part of capital held as of 31.12.16 (in %) (2)	Part of capital held as of 31.12.17 (in %) (2)	Change in % of capital held
EVS Broadcast Equipment Inc. 700 US 46 East Fllor 3 NJ 07004 Fairfield, USA	1996	27	G	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	1	G	100,00	100,00	0,00
EVS France SARL Avenue André Morizet, 62bis F-92100 Boulogne-Billancourt, FRANCE TVA: FR-21419961503	1998	8	G	100.00	100.00	0,00
EVS France Développement SARL Avenue André Morizet, 62bis F-92100 Boulogne-Billancourt, FRANCE TVA: FR-53514021476	2009	4	G	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	22	G	100,00	100,00	0,00
EVS Italia S.R.L. Via Milano 2, IT-25126 Brescia, ITALIE TVA: IT-03482350174	1998	3	G	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	9	G	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	G	100,00	100,00	0,00
EVS Nederland BV Solebaystraat 97 HS 1055 ZP Amsterdam PAYS-BAS	2008	2	G	100,00	100,00	0,00
EVS Deutschland GmbH Feringastrasse 12B 85774 Unterföhring (Munich), ALLEMAGNE TVA: DE-266077264	2009	6	G	100,00	100,00	0,00
EVS International (Swiss) SARL Rue des Arsenaux 9, 1700 Fribourg, SUISSE TVA: CH-21735425482	2009	1	G	100,00	100,00	0,00
EVS Broadcast Equipment Ltd. Room A, @Convoy, 35/F 169 Electric Road, North Point, HONG-KONG	2002	11	G	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	G	100.00	100.00	0.00
EVS Australia Pty Ltd. Level 8, 261 George Street Sydney NSW 2000, AUSTRALIE	2007	2	G	100,00	100,00	0,00
Scalable Video Systems GmbH Mina-Rees Stra. 8, 64295 Darmstadt, ALLEMAGNE VAT: DE-289 460 223	2013	17	G	100,00	100,00	0,00
EVS Pékin - Bureau de Représentation 2805 Building One, Wanda Plaza, N°93 Jianguo Road 100026 Beijing, CHINE	2005	6	G	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	G	N/A	N/A	N/A
EVS Americas Los Angeles – Bureau de représentation 101 South First Street, Suite #404 Burbank, CA 91504, USA	2006	3	G	N/A	N/A	N/A

MECALEC SMD SA Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIQUE N° d'entreprise: BE0467 121 712	1999	26	E	49,50	49,50	0,00
Network and Broadcast Systems Limited (NBS) Filiale en cours de liquidation	2010	0	G	100,00	100,00	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)	2017	2016
Investment in associates		
Opening balance as at January 1	**954**	**920**
- Disposals during the year	-	-
- Acquisitions during the year	-	-
- Results	124	111
- Others	13	-77
Closing balance as at December 31	**1,091**	**954**

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. As in 2016, the net profit of MECALEC SMD in 2017 amounted to EUR 0.2 million. EVS represented 15% of MECALEC SMD's turnover in 2017.

The share of EVS in the 2017 results of MECALEC SMD amounts to EUR 124 thousand and the share of EVS in MECALEC SMD equity amounts to EUR 1,091 thousand.

(EUR thousands)	Dec. 31, 2017	Dec. 31, 2016
Current assets	2,526	2,297
Non-current assets	68	44
Current liabilities	-390	-414
Non-current liabilities	-	-
Net assets	**2,204**	**1,927**
Share of associate's balance sheet (49.5%)	**1,091**	**954**
Turnover	2,474	2,410
Net result	250	224
Share of associate's revenue and net result (49.5%)	**124**	**111**
Carrying amount of investment	**1,091**	**954**

6. INCOME AND EXPENSES

6.1. Use of non-GAAP financial measures

EVS does not use any non-GAAP financial measures. However, EVS uses in its financial communication the following indicators:

- 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)	2017	2016
Revenue	118,784	130,817
Cost of sales	-31,207	-33,660
Gross margin	**87,577**	**97,156**
Gross margin %	**73.7%**	**74.3%**

The consolidated gross margin was 73.7% in 2017, compared to 74.3% in 2016, mainly due to lower sales and due to the fact that the cost of sales include a fixed portion that is not directly correlated to the level of sales.

6.3. Research and development expenses

Research and development expenses amounted to EUR 25.0 million in 2017 versus EUR 23.7 million in 2016. 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 Administration conclude that the criteria of IAS38.57 were not met. Consequently, development costs incurred in 2017 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 2017, it amounted to EUR 0.6 million.

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

(EUR thousands)	2017	2016
Gross R&D expenses	27,111	25,543
Benefits relating to R&D expenses	-2,103	-1,818
R&D expenses, net	**25,008**	**23,725**

6.4. Complementary information about operating charges by nature

(EUR thousands)	2017		2016	
Raw materials and consumables used		-19,161		-18,618
Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress		-3,168		-2,127
Personnel expenses		-36,908		-39,108
- Remunerations and salaries	-28,491		-29,515	
- Social security costs	-6,853		-6,979	
- Other personnel expenses	-1,564		-2,614	
Of which the ones included in:				
- Cost of Sales	-8,354		-8,744	
- S&A costs	-10,896		-13,348	
- R&D costs	-17,069		-16,456	
- Profit sharing plan plan and warrants	-589		-560	
Average number of employees in FTE	481		483	
Depreciations		-3,292		-3,290
Of which the ones included in:				
- Costs of sales	-846		-867	
- S&A costs	-1,414		-1,325	
- R&D costs	-1,032		-1,098	
Increase (-)/decrease (+) in amounts written off		-2,057		-2,365
- Increase (-)/decrease (+) in amounts written off on stocks	-1,588		-2,569	
- Increase (-)/decrease (+) in amounts written off on trade debtors	-469		203	
Operating lease and sublease payments recognized in the income statement (vehicles)		-2,501		-2,332

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 2017	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 2017 in the Belgian defined benefit obligation and fair value of plan assets were as follows:

In thousands of EUR	Defined benefit obligation	Fair value of plan assets	**Net defined benefit liability**
As of January 1	**3,790**	**-3,710**	**80**
Service cost	880	-	880
Administrative costs		20	20
Net interest expenses	68	-75	-7
Sub-total included in profit or loss	***948***	***-55***	***893***
Benefits paid	-124	124	-
Return on plan assets	-	-16	-16
Actuarial changes (assumptions)	17	-	17
Sub-total included in OCI	***17***	***-16***	***1***
Contributions by employer	-	-925	-925
As of December 31	**4,631**	**-4,581**	**50**

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 %	**2017**	**2016**
Discount rate	1.77%	1.83%
Future salary increases (incl. consumer price increases)	2.00%	3.00%

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)	2017
Discount rate	
0.25% decrease	-33
0.25% increase	+18
Future salary evolution	
0.25% decrease	+11
0.25% increase	-2

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 939 thousands. The average duration of the defined benefit plan obligation is 23 years.

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

(EUR thousands)	2017
Within the next 12 months	0
Between 2 and 5 years	50
Between 5 and 10 years	114
Total expected payments	**164**

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

6.5. Financial revenues/(costs)

(EUR thousands)	2017	2016
Interest charges	-388	-472
Interest income on deposit	57	20
Exchange result	-1,231	-85
Other financial results	36	180
Other operating income/(expenses)	**-1,526**	**-357**

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 2016, the other income included amongst others a capital gain on the sale of assets held for sale, recorded in 1Q16. (see also note 18).

In 2017, other operating income mainly includes the reversal of a debt (potential earn-out following the acquisition of SVS at the end of 2014). Please refer to note 20.3.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2017 and 2016 is mainly made of:

(EUR thousands)	2017	2016
Current tax charge		
Effective tax charge	-8,767	-14,969
Adjustments of current tax related to prior years	-85	-
Deferred taxes		
Tax effects of temporary differences	-793	1,868
- Fixed assets depreciation, including reevaluation of buildings	-227	137
- Intangibles (R&D investment deductions) *	-763	-2,290
- Adjustments for litigation provision	-	-119
- Adjustments for IAS 19	-15	-27
- Adjustments for the carry-over taxation for gains on building disposals	55	675
- Adjustments for Goodwill	-	-
- Adjustments on own shares	-	-
- Activation of borrowing costs for the new building	-	-
- Direct and indirect production costs capitalized in inventories	-	-244
- Reported tax losses	157	-
- Others	-	-
Income taxes included in the income statement	**-9,645**	**-13,101**

* see also paragraph 5 in the financial report, on deductions relating to R&D investments.

The variation in taxes on the balance sheet at December 31, 2017 compared to December 31, 2016, results in a net decrease in deferred tax position of EUR 793 thousand.

Following the Belgian tax reform voted in December 2017, the deferred tax stock was revalued according to the tax rate in force at the time the temporary difference was reversed. The impact of this revaluation was estimated at some EUR 378 thousand (decrease in deferred tax assets).

A deferred tax asset has been recorded on the recoverable tax loss in our German subsidiary SVS limited to the expected result over the next five years, i. e. a loss amount of EUR 510 thousand. The related deferred tax asset amounts to EUR 157 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 2016 and 2017 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2017	2016
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	33.420	45.821
Effective tax charge based on the effective tax rate	-9.645	-13.101
Effective tax rate	**28,9%**	**28,6%**
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	-391	-
Tax effect of deduction for notional interest	-58	-236
Tax effect on R&D investment deductions	-1.359	-1.418
Tax effect of non-deductible expenditures	351	422
Tax effect of previous years adjustments	342	
Other increase/(decrease)	456	640
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-10.304	-13.693
Theoretical tax rate	**30,8%**	**29,9%**

In 2017, the income taxes paid amounted to EUR 17,4 million, much more than the EUR 9,6 million in 2016. This can be explained by higher tax payments made in 2017 related to previous years (when the anticipated payments were lower) and higher anticipated payments for Belgium in 2017.

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2017		December 31, 2016	
	Assets	Liabilities	Assets	Liabilities
Other tangible assets	-	47	-	-
Buildings revaluation	-	1.632	71	1.523
R&D Intangibles	5.427	-	6.189	-
Defined benefit plan provision	12		27	
Carry-over taxation for gains	-	620	-	675
Recoverable tax loss	157			
Provisions for risks and charges	-	-	-	-
Total	**5.596**	**2.299**	**6.287**	**2.198**
Net booked value	**3.297**	**-**	**4.090**	**-**

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)	2017	2016
Net profit	23.898	32.832
- attributable to non-controlling interests	-	-
- attributable to equity holders of the parent company	**23.898**	**32.832**

	2017	2016
Weighted average number of subscribed shares, excluding treasury shares	13.514.301	13.501.815
Dilution effect of the weighted average number of the share options in circulation	-	-
Weighted average number of fully diluted number of shares	**13.514.301**	**13.501.815**
Basic earnings per share (EUR)	**1,77**	**2,43**
Diluted earnings per share (EUR)	**1,77**	**2,43**

Diluted earnings per share is equal to basic earnings per share because the 232,900 warrants outstanding at the end of December 2017 were not exercisable as their exercise prices were lower than the average market price of EVS shares during 2017. The number of treasury shares held at 31 December 2017 was 105,771 compared to 119,111 at 31 December 2016. The weighted average number of treasury shares held in 2017 was 110,699 compared to 123,185 in 2016.

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	2017	2016
Paid during the year :				
- Final dividend for 2015 (EUR 0.50 per share excl. treasury shares)	22	Mai 2016	-	6.753
- Interim dividend for 2016 (EUR 0.60 per share excl. treasury shares)	23	Nov. 2016	-	8.104
- Final dividend for 2016 (EUR 0.70 per share excl. treasury shares)	24	Mai 2017	9.446	-
- Interim dividend for 2017 (EUR 0.50 per share excl. treasury shares)	25	Nov. 2017	6.760	-
Total paid dividends			**16.206**	**14.856**

(EUR thousands)	2017	2016
Proposed for approval at the OGM :		
- Total dividend for 2016 (EUR 1.30 per share incl. interim dividend)	-	17.550
- Proposed dividend for 2017 (EUR 1.00 per share incl. interim dividend)	13.519	-
Total	**13.519**	**17.550**

10. GOODWILL

(EUR thousands)	TOTAL
Acquisition cost	
As of December 31, 2016	**1,945**
- Acquisitions	-
- Sales and disposals	-
As of December 31, 2017	**1,945**
Accumulated impairment	
As of December 31, 2016	**820**
- Impairment	-
- Sales and disposals	-
As of December 31, 2017	**820**
Net carrying amount	
As of December 31, 2016	**1,125**
As of December 31, 2017	**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, 2017. 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 6,8% 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, 2015	**2.581**	**2.459**	**5.040**
- Acquisitions	-	150	150
- Sales and disposals	-	-27	-27
- Transfers	-	-	-
- Other	-	-	-
As of December 31, 2016	**2.581**	**2.582**	**5.163**
Accumulated depreciation			
As of December 31, 2015	**-2.581**	**-2.054**	**-4.635**
- Depreciations	-	-169	-169
- Sales and disposals	-	27	27
- Transfers	-	-	-
- Other	-	-	-
As of December 31, 2016	**-2.581**	**-2.196**	**-4.777**
Net carrying amount			
As of December 31, 2015	**-**	**404**	**404**
As of December 31, 2016	**-**	**386**	**386**

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2016	**2.581**	**2.582**	**5.163**
- Acquisitions	-	40	40
- Sales and disposals	-	-	-
- Transfers	-	89	89
- Other	-	-4	-4
As of December 31, 2017	**2.581**	**2.707**	**5.288**
Accumulated depreciation			
As of December 31, 2016	**-2.581**	**-2.196**	**-4.777**
- Depreciations	-	-135	-135
- Sales and disposals	-	-	-
- Transfers	-	-89	-89
- Other	-	4	4
As of December 31, 2017	**-2.581**	**-2.416**	**-4.997**
Net carrying amount			
As of December 31, 2016	**-**	**386**	**386**
As of December 31, 2017	**-**	**291**	**291**

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, 2015	**49.138**	**2.381**	**11.942**	**496**	**63.957**
- Acquisitions	718	263	737	38	1.756
- Sales and disposals	-	-31	-247	-	-278
- Variation in consolidation scope	-	-	-	-	-
- Transfers	232	-	317	-549	-
- Other	-	-	-	81	81
As of December 31, 2016	**50.088**	**2.613**	**12.749**	**66**	**65.516**
Accumulated depreciation					
As of December 31, 2015	**-1.580**	**-1.773**	**-8.964**	**-**	**-12.317**
- Depreciations	-1.713	-376	-1.031	-	-3.120
- Sales and disposals	-	31	116	-	147
- Variation in consolidation scope	-12	-6	3	-	-15
- Transfers	-	-5	-	-	-5
- Other	-6	-	1	-	-5
As of December 31, 2016	**-3.311**	**-2.129**	**-9.875**	**-**	**-15.315**
Net carrying amount					
As of December 31, 2015	**47.558**	**608**	**2.978**	**496**	**51.640**
As of December 31, 2016	**46.777**	**484**	**2.874**	**66**	**50.201**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**46.777**	**-**	**-**	**66**	**46.843**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2016	**50.088**	**2.613**	**12.749**	**66**	**65.516**
- Acquisitions	414	7	1.216	110	1.747
- Sales and disposals	-	-	-79	-	-79
- Variation in consolidation scope	-	-	-	-	-
- Transfers	-	-	-	-	-
- Other	-8	-2	-23	-	-33
As of December 31, 2017	**50.494**	**2.618**	**13.863**	**177**	**67.151**
Accumulated depreciation					
As of December 31, 2016	**-3.311**	**-2.129**	**-9.875**	**-**	**-15.315**
- Depreciations	-1.489	-326	-1.343	-	-3.158
- Sales and disposals	-	-	32	-	32
- Variation in consolidation scope	-	-	-	-	-
- Transfers	-	-	-	-	-
- Other	-	-	-	-	-
As of December 31, 2017	**-4.800**	**-2.455**	**-11.186**	**-**	**-18.441**
Net carrying amount					
As of December 31, 20176	**46.777**	**484**	**2.874**	**66**	**50.201**
As of December 31, 2017	**45.694**	**163**	**2.677**	**177**	**48.710**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**45.694**	**-**	**-**	**177**	**45.871**

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 2017 for an amount of EUR 57,2 million in total (excluding subsidies), of which EUR 0.4 million were made in 2017.

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.

The old buildings owned by EVS are the object of an active plan to sell them and are then presented according to the IFRS 5 norm on a distinct line in the balance sheet "Assets classified as held for sale" (also see note 18).

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).

13. LONG TERM FINANCIAL ASSETS

(EUR thousands)	Subordinated loans	Other financial assets	TOTAL
Net carrying amount as of Dec. 31, 2015	**-**	**273**	**273**
- Refunded/converted during the year	-	-	-
- Acquired during the year	-	68	68
- Result	-	-	-
- Others	-	-	-
Net carrying amount on Dec. 31, 2016	**-**	**341**	**341**
Net carrying amount as of Dec. 31, 2016	**-**	**341**	**341**
- Refunded/converted during the year	-	-68	-68
- Acquired during the year	-	-	-
- Result	-	-	-
- Others	-	-	-
Net carrying amount on Dec. 31, 2017	**-**	**273**	**273**

14. INVENTORIES

(EUR thousands)	December 31, 2017	December 31, 2016
Raw materials	15.630	14.907
Finished goods	19.330	16.697
Total at cost	**34.960**	**31.605**
Cumulated amounts written off at the beginning of the period	**-18.056**	**-15.398**
Reversal/use of the amounts written off, net	-1.588	-2.658
Exchange rate difference	351	-
Cumulated amounts written off at the end of the period	**-19.293**	**-18.056**
Total net carrying amount	**15.667**	**13.549**

Write-offs movements on inventories, which were valued at EUR 1.2 million in 2017 and at EUR 2.7 million in 2016, are accounted as charges in the costs of sales. These write-offs concern technologically obsolete stock items.

15. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2017	December 31, 2016
Trade receivables	31.425	23.030
Finance lease receivables	4.593	4.754
Amounts receivable linked to joint ventures	-	-
Other related parties	-	-
Write offs on receivables	-1.115	-686
Net trade receivables	*34.903*	*27.098*
Other amounts receivable	2.246	1.917
Deferred charges and accrued income	1.574	1.446
Total	**38.723**	**30.461**

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 0.75% 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, 2017, an amount of EUR 3.9 million (EUR 1.7 million on 31/12/2016) within trade receivables was overdue with more than 90 days from which EUR 1.1 million are subject of write-downs following credit quality of trade receivables. Movements of write-offs in 2016 and 2017 are as follows:

(EUR thousands)	2017	2016
Write-offs on trade receivables		
Value as of January 1	**686**	**1.007**
- Write-offs during the year	647	302
- Releases of write-offs during the year	-177	-
- Amounts paid down during the year	-	-524
- Other	-41	-99
Value as of December 31	**1.115**	**686**

15.1. Finance lease receivables

(EUR thousands)	2017	2016
Gross receivable – future lease payments under finance lease		
Within one year (current finance lease)	2.979	2.538
After one year but no longer than five years (non-current finance lease)	1.824	2.216
Longer than five years (non-current finance lease)		
Less: unearned finance income	-210	-201
Present value of future lease payments		
Within one year (current finance lease)	2.834	2.513
After one year but no longer than five years (non-current finance lease)	1.759	2.168
Longer than five years (non-current finance lease)		

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, 2017 is 4.5%.

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

15.2. Construction contracts

(EUR thousands)	December 31, 2017	December 31, 2016
Direct and project related incurred costs	1.561	1.597
Noticed profit (+)/loss (-)	3.401	6.802
Value of the orders in progress at the closing date	4.962	8.399
Invoiced advances	5.132	9.404
Gross amounts due by clients for works relating to contracts	1.296	3.468

Invoiced advances for construction contracts amounted to EUR 5.1 million at December 31, 2017, compared to EUR 9.4 million at the end of 2016. Revenues relating to work in progress during 2017 amounted to EUR 5.0 million (EUR 8.4 million in 2016). The difference between these two amounts, EUR 0.1 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, 2017	December 31, 2016
Cash at bank and in hand (not remunerated)	3.466	18.381
Short-term deposits and remunerated cash accounts	35.956	34.769
Total	**39.423**	**53.150**

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

These assets are the old buildings for sale on the Seraing/Angleur site. Indeed, given the move to the new building in 2015, all other existing buildings on the Seraing/Angleur site had been put up for sale already in 2014 and reclassified as "Assets classified as held for sale" on the balance sheet. Two buildings have been sold during the first half of 2015. A third building has been sold in 1Q16, and generated a positive result, booked in other operating income. As of December 31, 2017, the remaining buildings were valued at EUR 4 million.

These non-current assets are measured at the lower of their carrying amount and fair value less selling costs. They are subject to an individual evaluation.

Such buildings are classified among assets held for sale for more than twelve months but EVS remains committed to its plan to sell the buildings, located in the Liege Science Park where strict conditions apply for candidates willing to install their activities in the Park. This is the main reason why those buildings have not yet been sold. As per information available at this stage, there is no indication of impairment for these buildings. Accordingly, these buildings are still classified as assets held for sale.

Investments in some of these buildings benefited from grants from the Walloon Region and the European Union. In accordance with the Group's accounting policies, building-related grants have been deducted from the net book value of these assets. Note that all conditions have been met for obtaining the grants received in the past, and the consolidated cash flow statement always shows investment net of subsidies.

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	-
Capital on	**December 31, 2017**	**13.625.000**	**8.342.479**

19.2. Issued capital and treasury shares

As of December 31, 2017, the issued capital of EVS amounts to EUR 8,342,479 and is represented by 13,625,000 fully paid up shares without designation of nominal value. EVS complies with the legal requirements relating to the capital (articles 581 to 634 of the "Code des Sociétés").

As of December 31, 2017, 232,900 issued warrants with an average exercise price of EUR 35.53 per share are exercisable until December 2022. This number of warrants includes 142,000 new warrants that were granted to some staff members in December 2017. The company uses a portion of the capital (average annual dilution of 0.5% since 2001) 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 68.9% of the total balance sheet at the end of 2017.

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 2016, shareholders' equity increased by EUR 7.902.000 million and the ratio of financial independence (total equity compared with the total financial position of the group) stands at 68.9% compared to 60.8% at the end of 2016.

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 489 and 496 and in accordance with the “Code des Sociétés” (Company 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 595 and in accordance with the “Code des Sociétés”.

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 232,900 warrants outstanding at the end of 2017 (211,050 at the end of 2016), the dilution effect represents 1.7% of the share capital, this being partially offset by the 105,771 treasury shares, which represent 0.8% 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, 2017, 1,309,650 of these warrants had been distributed, 626,350 exercised and 450,400 cancelled following departures or repurchased following sales of subsidiaries, which means that 232,900 can be exercised as of December 31, 2017. As a result, 245,350 warrants are still available for distribution by the Board of Directors. The weighted average maturity is August 2021. These warrants may be exercised between now and December 2022. They have an average exercise price of EUR 35.53 per share. In the course of 2017, 142,000 warrants were distributed, 250 warrants were exercised and 119,900 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:

	2017		2016	
	Number	**WAPP (EUR)**	**Number**	**WAPP (EUR)**
In circulation at the beginning of the period	**211,050**	**40.71**	**266,800**	**40.71**
Granted during the period	142,000	28.90	-	-
Exercised during the period (1)	-250	37.11	-	-
Cancelled during the period	-119,900	37.58	-55,750	37.68
In circulation at the end of period	**232,900**	**35.53**	**211,050**	**41.16**

(1) The average share price (closing) during the exercise period in 2017 was EUR 33.35.

The warrants in circulation as of December 31, 2017 and exercisable over the next years are as follows:

Expiry date	Exercise prices (EUR)	Number on December 31, 2017	Number on December 31, 2016
2016	Between 36.77 and 41.90	-	-
2017	Between 37.11 and 65.66	-	112,350
2018	Between 54.30 and 68.77	45,900	49,200
2019	Between 36.81 and 45.71	45,000	49,500
2022	28.90	142,000	-
Total	**Between 28.90 and 68.77**	**232,900**	**211,050**

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.

With regards to the warrants distributed during the year, the Black & Scholes model has been used for the valuation with updated volatility assumptions based on the latest available information, i.e. a volatility of approximately 27% calculated over a 3 years period. The interest rate applied is the rate of the Belgian state bonds with a maturity of 5 years (OLO), i.e. 0,05% and the dividend yield has been calculated at 3,5%. The fair value of the options granted in 2017 amounts then to approximately 14% of the value of the underlying share at grant date.

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 15, 2018 approved a profit sharing scheme in the form of a grant of EVS Broadcast Equipment SA shares relating to the appropriation of the year 2017. Taking into account tax implications for the company, this grant relates to 42 shares (net of taxes) for all employees hired by the group before January 1, 2018, proportionally to the effective time performance (or assimilated) in 2017. This represents around 14,070 shares in total to maximum 335 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.”

The Board of Directors pursues this policy of buying back treasury shares in order to cover the employee share-based plan, to benefit from short term weakness in the share price or improve the liquidity of the stock, while showing its confidence in the company’s future.

In 2017, the company didn’t repurchase any share on the stock market. 250 shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 16, 2017 approved the allocation of 13,090 shares to EVS employees (grant of 43 shares to each staff member in proportion to their effective or assimilated time of occupation in 2016) as a reward for their contribution to the group successes.

The number of treasury shares held as of December 31, 2017 was 105,771 (at an average historical price of EUR 38.18) compared to 119,111 as of December 31, 2016. In 2017, the number of treasury shares moved in number and in weighted average prices (WAP) as follows:

	2017		2016	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
At the beginning of the period	**119,111**	**38.18**	**129,917**	**38.18**
Buy back on the market	-		-	
Sales on the market	-		-	
Treasury shares cancellation	-		-	
Sales linked to the staff incentive program	-13,340	38.18	-10,806	38.18
At the end of the period	**105,771**	**38.18**	**119,111**	**38.18**

19.6. Reserves

(EUR thousands)	December 31, 2017	December 31, 2016
Legal reserves	956	956
Reserves available for distribution	99.497	91.656
Reserves for treasury shares	-4.038	-4.548
Reserves	**96.414**	**88.064**

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, 2017	December 31, 2016
Long term financial debts		
Bank loans	9.300	14.550
Long term finance lease obligations	-	-
Other long term debts	59	1.241
Amount due within 12 months (shown under current liabilities)		
Bank loans	5.250	5.250
Long term finance lease obligations	-	-
Other short term debts	-	-
Total financial debt (short and long-term)	**14.609**	**21.041**
The total financial debt is repayable as follows :		
- within one year	5.250	5.250
- after one year but no more than five	9.359	15.791
- more than five years	-	-

20.1. Credit lines

As of December 31, 2017, the group had been granted by its banks EUR 2.4 million potential credit lines, 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, 2017 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%	4.050	46.560	5.400
- New headquarter	ING	11,400	2020	Fixed 0.83%	6.450	46.560	7.258
- New headquarter	BNP	5,400	2020	Fixed 0.80%	4.050	46.560	6.600

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 BNPPPF (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 lines of credit 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 2017, 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, 2017 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 booked in “other long term debts” recognized through the equity of EVS, to reflect the best current estimate of the future earn out at the acquisition date. 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 debt 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. The discount rate used amounted to 5.6% (weighted average cost of capital - WACC). Any amount payable will be allocated between 2016 and 2021 with a conventional maximum amount of EUR 7 million.

The liability will be reassessed to fair value based on the business plan evolution at each reporting date until the end of the earn out period. The future changes in estimated fair value will be recognized in the income statement.

As of December 31, 2017, a new reassessment of the liability has been performed based on an updated business plan and updated financial assumptions. This reassessment lead us to conclude that the recognition of the earn-out liability is not justified anymore. Consequently, the earn-out liability has been entirely written off and the write-off has been recognized on the line “Other operational income” in the income statement for an amount of EUR 1,2 million.

20.4. Liabilities from financing activities

			Non-cash changes		
In thousands of Euro	**1 January 2017**	**Cash flows**	**Foreign exchange movements**	**Other**	**31 December 2017**
Long-term borrowings	15.550	-5.250	-	-	9.300
Short-term borrowings	5.250	-	-	-	5.250
Lease liabilities	-	-	-	-	-
Total liabilities from financing activities	**20.800**	**-5.250**	**-**	**-**	**14.550**

21. PROVISIONS

(EUR thousands)	Litigations	Technical warranty	Total
Provisions			
As of January 1, 2017	-	1,120	1,120
Arising during the year	-	92	92
Utilized	-	-	-
Reversed	-	-	-
Others	-	-	-
As of December 31, 2017	**-**	**1,212**	**1,212**
Current 2016	-	-	-
Non-current 2016	-	1,120	1,120
Current 2017	-	-	-
Non-current 2017	-	1,212	1,212

The litigation provisions, if any, are registered in the consolidated accounts and correspond to commercial disputes 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 2017 estimate represented an amount of EUR 1.2 million.

22. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2017	December 31, 2016
Trade payables	5,870	3,701
Amounts payable linked	-	-
Other related parties	-	21
Total trade payables	*5,870*	*3,722*
Other payables	2,124	3,542
Accrued charges	1,121	3,001
Deferred income	5,206	4,482
Total	**14,321**	**14,747**

Trade payables are non-interest bearing and are normally settled on 45-day terms.

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. As in 2016, the expenses relating to the rental part of these leases amounted to EUR 2.3 million in 2017.

Future minimum rentals (excl. VAT) payable under operating leases are as follows as of 31 December:

(EUR thousands)	2017	2016
Within one year	2,558	2,568
After one year but no longer than five years	3,008	3,231
Longer than five years	-	-
Total	**5,566**	**5,798**

In the event of cancellation of the operating leases as at December 31, 2017, a compensation of around EUR 145 thousand should be paid by the group.

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 2017, a provision of EUR 1.2 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, 2017 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, 2017.

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	2017	-	-378	-	-56
	2016	-	-481	-	-21
Total	**2017**	**-**	**-378**	**-**	**-56**
	2016	**-**	**-481**	**-**	**-21**

24.2. Executives

There were no significant related party transactions in 2017, other than the ones that are mentioned in the remuneration report, on page 13 and following.

25. AUDITOR

Until the Ordinary General Meeting of May 17, 2016, the audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA to Ernst & Young Réviseurs d'Entreprises SCCRL (B-00160), represented by Marie-Laure MOREAU (A-01729), Belgian Réviseur d’Entreprise. The mandate of the Auditor is for three years, and will end at the Ordinary General Meeting of May 2019.

In 2017, all fees related to the Auditor of the parent company, Ernst & Young Réviseurs d'Entreprises SCCRL (B-00160), represented by Marie-Laure MOREAU and its associates, amounted to EUR 54,500 in aggregate for their duties as Auditor.

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.

At the end of December 2017, the group held USD 3.0 million in forward exchange contracts. The conditions of this contract is as follows:

Sales	Currency	Maturity	Exchange rate	Forward value (EUR)	Impact of the revaluation at the fair value on Dec. 31, 2017 (EUR)
500,000	USD	31 January 2018	1.1400	438,596	22,964
500,000	USD	28 February 2018	1.1400	438,596	23,747
500,000	USD	29 March 2018	1.1400	438,596	24,814
750,000	USD	30 April 2018	1.1400	657,895	38,781
750,000	USD	31 May 2018	1.1400	657,895	40,049
					150,355

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, 2017, 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, 2017, 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:

- The information communicated in the 2017 annual results released on February 22, 2018;

STATUTORY AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF EVS BROADCAST EQUIPMENT SA FOR THE YEAR ENDED DECEMBER 31, 2017

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 December 31, 2017, 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 December 31, 2017, and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of May 17, 2016, 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 annual accounts for the year ending December 31, 2018. We performed the audit of the Consolidated Financial Statements of the Group during 2 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, which consists of the consolidated statement of the financial position as at December 31, 2017, 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 and the disclosures, which show a consolidated balance sheet total of € 152.853 thousands and of which the consolidated income statement shows a profit for the year of € 23.898 thousands.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at December 31, 2017, as well as its consolidated results and its consolidated cash flows for the year then ended 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 of 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.

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.

Revenue recognition – complex contracts

Description of the key audit matter:

As of December 31, 2017, the Group's turnover amounts to € 118.784 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 2.25 and 3.2 of the Consolidated Financial Statements.
-

Development costs

- Description of the key audit matter:

At December 31, 2017, the Group recognizes € 25.008 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, 2017, 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 2017 (€ 25.008 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 as well as 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 the 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 about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, 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 is larger when these misstatements are due to fraud, 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 Group'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 Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company 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 or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

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 Director's report.

Responsibilities of the auditor
In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report, as well as to report on these matters.

Aspects relating to Board of Director's report
In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been prepared in accordance with article 119 of the Belgian Companies 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 Director's report contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of reasonable assurance regarding the individual elements included in the Board of Director's report.

Independence matters
Our auditor's office and our network have not performed any services that are not compatible with the statutory 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 statutory audit of the Annual Accounts as referred to in article 134 of the Belgian Companies Code were duly itemized and valued in the notes to the Annual Accounts.

Other communications
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, April 9, 2018

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
Represented by

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

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 "Code des Sociétés" (company law). 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 98,153 thousand, representing 82.6% of the consolidated amount.

- The profit of the year amounts to EUR 19,753 thousand, compared to EUR 28,544 thousand in 2016. The balance sheet total amounts to EUR 143,724 thousand.

- In 2017, EVS Broadcast Ltd. (Hong Kong) paid dividends to its parent company EVS for a total amount of EUR 7.0 million, and EVS Broadcast Equipment Inc. paid EUR 4.7 million dividends to the mother company as well.

- In accordance with the article 96 of the Belgian Company, the Audit Committee is composed by independent directors. Amongst them, Christian Raskin (Master in Economic Sciences, 20 years of experience in executive functions at Draka) and Yves Trouveroy (two masters degrees in Law, 15 years of experience in an investment company) 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 2017, EVS incurred an amount of EUR 18.8 million for R&D expenses, which were amortized immediately and fully in accordance with the new valuation rules in this area. This decision resulted in an increase in amortization of EUR 18.8 million. The amount of cash flow generated by the parent company during the year is not affected by the application of this new valuation rule.

- 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)	2017	2016
Operating income	**120,766**	**128,436**
A. Turnover	98,153	101,189
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	2,187	6,374
C. Capitalized production	18,759	17,521
D. Other operating income	1,667	1,860
E. Non-recurring income	-	1,493
Operating charges	**-105,332**	**-102,270**
A. Raw materials, consumables and goods for resale	-19,246	-18,413
1. Purchases	*-20,198*	*-17,456*
2. Increase (+)/decrease (-) in stocks	*952*	*-957*
B. Services and other goods	-28,860	-28,196
C. Remuneration, social security costs and pensions	-26,139	-25,653
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	-29,419	-27,821
E. (+)/(-) in amounts written off on stock and trade debtors	-1,403	-2,219
F. (+)/(-) in provisions for liabilities and charges	-92	359
G. Other operating charges	-170	-346
H. Non-recurring charges	-3	18
Operating profit	**15,434**	**26,166**
Financial income	**12,941**	**15,247**
A. Income from financial assets	11,797	13,215
B. Income from current assets	2	20
C. Other financial income	1,142	2,011
Financial charges	**2,377**	**733**
A. Interest and other debt charges	-362	-445
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)	-379	602
C. (+)/(-) in amounts written off on current assets	-1,636	-889
Profit on ordinary activities before taxes (+,-)	**25,998**	**40,680**
Transfer and withdrawal from deferred taxation	50	-405
Income taxes	-6,295	-11,731
Result for the period (+, -)	**19,753**	**28,544**
Transfers from not taxable reserves	70	106
Transfers to not taxable reserves	-744	-1,707
Result for the period available for appropriation (+, -)	**19,079**	**26,943**
Appropriation account		
A. Result to be appropriated	19,079	26,943
B. Transfers from reserves	-	-
C. Transfers to reserves	-4,000	-8,915
D. Profit / Loss to be carried forward	-1,154	-
E. 1. Dividends	-13,519	-17,550
E. 2. Other equivalents	-406	-478

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	31.12.17	31.12.16
Fixed assets	**59,289**	**68,362**
Intangible assets	245	6,089
Tangible assets	51,359	54,487
A. Land and buildings	48,429	51,163
B. Plant, machinery and equipment	185	437
C. Furniture and vehicles	2,545	2,797
D. Other tangible assets	23	23
E. Assets under construction and advance payments	177	66
Financial assets	7,685	7,786
A. Affiliated companies	7,507	7,608
1. Participating interests	*5,072*	*5,072*
2. Amounts receivable	*2,435*	*2,536*
B. Other companies linked to participating interests	99	99
1. Participating interests	*99*	*99*
2. Amounts receivables	-	-
C. Other financial assets	79	79
1. Participating interests	-	-
2. Receivable and cash guarantee	*79*	*79*
Current assets	**84,435**	**85,167**
Amounts receivable after more that one year	1,342	1,605
A. Trade debtors	1,342	1,605
Stocks and contracts in progress	13,849	13,386
A. Stocks	13,849	12,149
1. Raw materials and consumables	*10,411*	*9,991*
2. Goods in process	-	-
3. Finished goods	*3,438*	*2,158*
B. Goods in process	-	1,237
Amounts receivable within one year	32,239	19,864
A. Trade debtors	31,795	19,487
B. Other amounts receivable	444	377
Investments	8,355	5,961
A. Treasury shares	3,091	3,957
B. Other investments and deposits	5,264	2,004
Cash at bank and in hand	27,285	43,108
Deferred charges and accrued income	1,365	1,244
TOTAL ASSETS	**143,724**	**153,529**

LIABILITIES (EUR thousands)	**31.12.17**	**31.12.16**
Capital and reserves	**91,573**	**85,942**
Capital	**8,342**	**8,342**
A. Issued capital	8,342	8,342
Reserves	**77,189**	**72,360**
A. Legal reserve	834	834
B. Reserves not available for distribution	3,091	3,957
1. In respect of treasury shares	*3,091*	*3,957*
C. Not taxable reserves	2,846	2,018
D. Reserves available for distribution	70,418	65,551
Profit / Loss carried forward	**1,154**	**-**
Investment grants	**4,888**	**5,240**
Provisions and deferred taxation	**1,752**	**1,864**
A. Provision for liabilities and charges	1,212	1,121
B. Deferred taxation	540	743
Creditors	**50,399**	**65,723**
Amounts payable after one year	**9,309**	**14,559**
A. Financial debts	9,300	14,550
1. Credit institutions	*9,300*	*14,550*
B. Other amounts payable	9	9
Amounts payable within one year	**38,331**	**47,154**
A. Current portion of amounts payable after one year	5,250	5,250
B. Financial debts	-	-
C. Trade debts	10,339	8,171
1. Suppliers	*10,339*	*8,171*
D. Advances received on orders	615	1,383
E. Taxes, remuneration and social security	14,936	22,056
1. Taxes	*8,519*	*15,678*
2. Remuneration and social security	*6,417*	*6,378*
F. Other amounts payable	7,191	10,294
Accrued charges and deferred income	**2,759**	**4,010**
TOTAL LIABILITIES	**143,724**	**153,529**

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2017 (EUR thousands)	Amounts	Number of shares
A. Share capital		
1. Issued capital	8.342	13.625.000
2. Structure of capital		
2.1. Different categories of shares		
Shares without face value	8.342	13.625.000
2.2. Registered shares and bearer shares		
Registered shares – as of December 31, 2017		918,103
Dematerialized shares – as of December 31, 2017		12,706,897
B. Treasury shares held by the company itself	**4.038**	**105.771**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		232,900
- Amount of capital to be issued	8,276	
- Maximum number of shares to be issued		232,900
D. Amount of authorized capital, not issued	**1.600**	