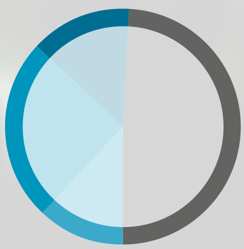
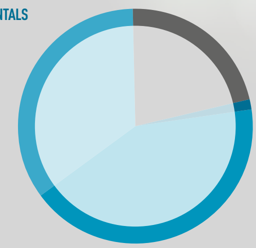
2015 ANNUAL REVIEW

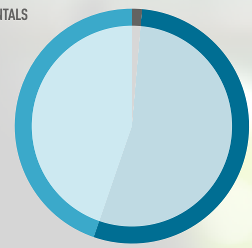
BREAKDOWN OF STAFF BY DEPARTMENT (AS OF 31 DECEMBER 2015) (%)



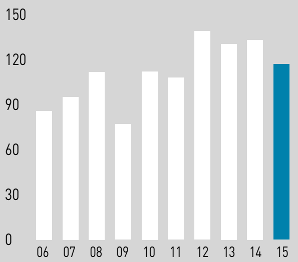
SPLIT OF 2015 REVENUE BY REGION (%)



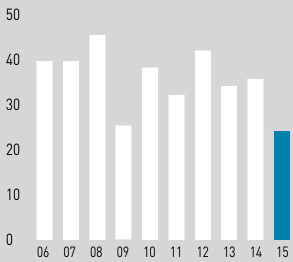
SPLIT OF 2015 REVENUE (%)



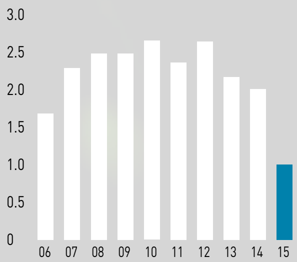
REVENUE (EUR MILLIONS)



NET PROFIT (EUR MILLIONS)



GROSS DIVIDEND PER SHARE (EUR)



EUR 118.5
MILLION SALES IN 2015

27.6%
EBIT MARGIN IN 2015

3.5%
DIVIDEND YIELD IN 2015

WHO ARE WE?

EVS is a company headquartered in **Belgium**, with 20 offices in **Europe**, the **Middle East**, **Asia** and **North America**.

Its 485 employees sell its branded products in over **100 countries**, and provide customer support globally. Founded in 1994, its innovative Live Slow Motion system revolutionized live broadcasting. Its reliable and integrated tapeless solutions, based around its market-leading XT server range, are now widely used to deliver live productions worldwide.

WHAT DO WE DO?

EVS is the industry leader in **premium technologies** that enrich and manage live video assets, enabling its customers to engage audiences and monetize their content across multiple platforms. The industry-**leading** broadcast and media production systems of EVS are used by broadcasters, production companies, post-production facilities, film studios, content owners and archive libraries around the globe, to support primarily the production of their **sport**, **entertainment** and **news programs**.

CONTENT

2015, SHAPING EVS FOR THE FUTURE

INTERVIEW WITH THE CHAIRMAN AND THE MANAGING DIRECTOR

PIERRE RION, CHAIRMAN OF THE BOARD OF DIRECTORS

MURIELLE DE LATHOUWER, MANAGING DIRECTOR & CEO

“EVS ENDED THE YEAR ON A HIGH NOTE, WITH AN EXCEPTIONAL FOURTH QUARTER. THE CHAIRMAN AND THE CEO REFLECT ON THE YEAR, NOT ONLY ON THE FINANCIAL SIDE, BUT ALSO ON THE EVOLUTION OF EVS FOR THE LONG TERM.”

HOW CAN WE CHARACTERIZE THIS YEAR 2015?

MURIEL DE LATHOUWER — As you know, our business is positively impacted every even year by rentals for major global sporting events. Apart from this, EVS revenue was stable in 2015 compared to 2014 and better than anticipated, with a strong end of the year. After a period of high cautiousness in the first half of 2015 due to the industry transition, we witnessed some of our customers releasing budgets at the end of 2015. Despite these challenging conditions, EVS remains the market leader with high customer confidence, evidenced by the multi-year contract with NEP signed in early 2016.

"I'M HAPPY TO SEE THIS CONTINUOUS POSITIVE MOMENTUM AT EVS."

Aside from our financial performance, we have done a lot to position the company for the future. We implemented a stronger focus on cost management and set up a more efficient organization, with strong buy-in from employees. Simultaneously, we initiated a deep strategic review, which supports a better-defined vision for our long term future.

PIERRE RION — In 2015, the Board of Directors was also reinforced by the appointment of new members: Patrick Tillieux (board member) and Martin De Prycker (board observer), who bring us even more industry and technology expertise in a period of rapid change for the broadcast industry.

In May, the Board will propose to the Ordinary General Meeting to distribute a total gross dividend of EUR 1.00 per share (including the interim dividend of EUR 0.50 distributed in November 2015). This represents a 3.5% payout ratio and a dividend yield of 56.8%. This decision takes into account our willingness to keep some financial flexibility to finance the future development of our company.

WHAT CAN WE EXPECT FROM 2016, ANOTHER YEAR OF BIG SPORTING EVENTS?

MURIEL DE LATHOUWER — In 2016, we expect the industry to remain in mutation and technology transitions to continue to weight on investment decisions. Big sporting events, including the EURO football championship and the summer Olympics should bring additional rental revenue projected at around EUR 10 million. Given these circumstances, we will keep a strong focus on cost management, while investing in the future to strengthen our leadership position and develop growth opportunities.

AND WHAT ABOUT THE LONG TERM? WHAT ARE THE GROWTH DRIVERS FOR EVS?

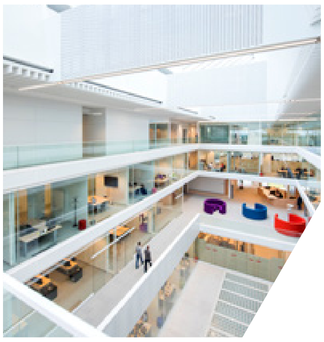
MURIEL DE LATHOUWER — We will remain very active in terms of innovation and very demanding in terms of quality to maintain our leading position, providing premium technologies to enrich and manage live video assets, and enable our customers to engage audiences and monetize their content across multiple platforms. The established long term growth drivers remain in place and include HD, 4K, multi-platform distribution or, live sports. In addition, new video consumption habits, with increased interaction with smartphones and tablets, open up new opportunities for our company. Traditional customers and new players, such as sport teams and federations, are looking at innovative ways to further engage fans and keep them connected longer – at home or in the stadiums.

PIERRE RION — I'm happy to see continuous, positive momentum at EVS. The setup of a more efficient organization has allowed us to speed development processes and better prepare the company for the future. There are challenges, but also opportunities, and we have the necessary strenghts to address them. Thank you to our teams, our customers, our suppliers and our shareholders for their confidence. Together, we will continue to write the future of EVS.

FIND OUT MORE ONLINE
WWW.EVS.COM

2015 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.



BEGINNINGS

2015 saw the move of EVS in its state-of-the-art new headquarters in Liege. All teams, previously in 6 different buildings, are now gathered in one unique facility that includes all steps of EVS products life, from the R&D to the assembling and the support. This new headquarters has been designed to sustain the future growth of EVS and the evolution of technology.

72%*

OF FANS USE MOBILE DEVICES INSIDE THE STADIUM

* SOURCE: EVS FAN SURVEY, 2015

FAN ENGAGEMENT

Fans are more and more connected and engaged with live sports, viewing and interacting with content on screens of all shapes and sizes. From the South East Asian Games to the FA Cup Final in the UK, EVS demonstrated its innovation power by bringing additional content repurposed for the connected fans, at home or directly in the stadiums.

EMOTION

A year of big moments in live events, broadcast around the world with remarkable clarity and realism. With its 90+% market share in high end mobile production vans, EVS brings the emotion to millions of viewers for live shows, sport games and sporting events. Every day, worldwide.

INNOVATION

EVS focuses on practical innovation, and unbridled commitment to market needs drives all EVS developments. It results in technology that, in the hands of customers, produces innovations that even they couldn't have imagined. From the EVS' IP4Live initiative to IT-based switching (DYVI) to the magic of operators who work with the EVS solutions, it inspires the company – every day. IP4Live is EVS' strategic approach supporting and leading the transition to IP/IT-based infrastructures for live production, in a way that is smart, strategic and cost effective. The program consists of new solutions, thought leadership on strategic directions for successful transition to IP-based production, and proven reference designs for IP/IT-based production infrastructures.

INSIDE EVS

Following the appointment of Muriel De Lathouwer as Managing Director & CEO of EVS in February 2015, the company has further improved its internal organization to better match the fast evolving business needs. In 2015, given the uncertain industry environment, a particular focus has been put on strict cost management, which resulted in flat operating expenses in 2015 compared to 2014.

RECOGNITION

EVS was proud to score big this year with wins that included the TVB Award for live production infrastructure featuring C-Cast, NewBay Media's NAB Best of Show Award for FanCast, New Bay Media's 2015 Product Innovation Award for DYVI and the IABM Design and Innovation Award for multimedia production at the SEA Games.

76%

OF FANS FOLLOW SPORTS ONLINE

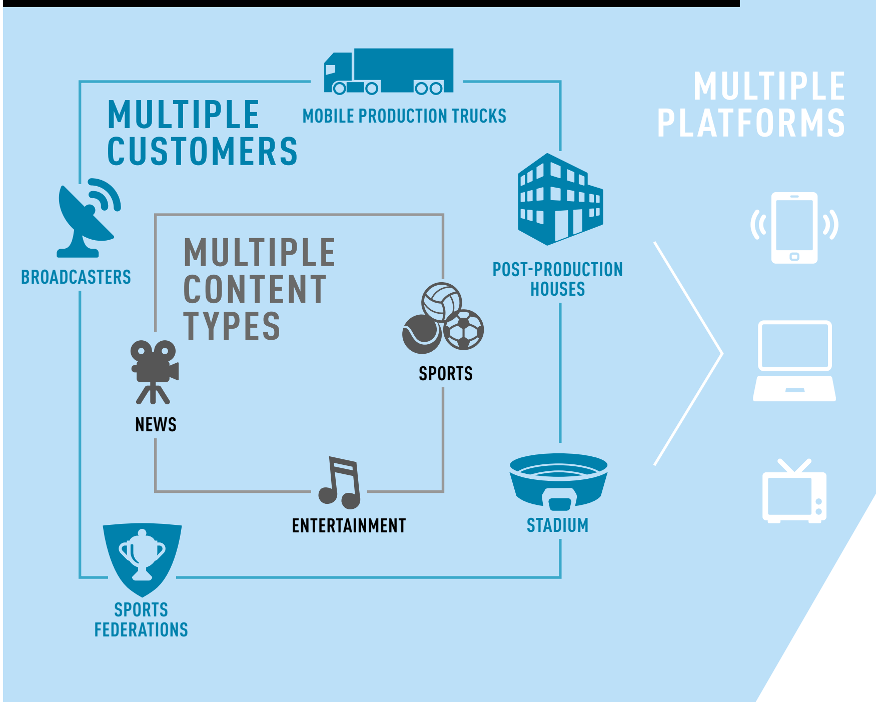
CUSTOMERS

Key long term customers have reiterated their confidence in EVS solutions, with upgrades to the XT3 platform supporting the business. As an example, early 2016, NEP group signed a record multi-year agreement with EVS covering a large number of EVS server upgrades. New customers also elected EVS for their projects, such as MediaCorp, who selected a full end-to-end news production solution from EVS for their new facilities in Mediapolis, Singapore.

OUR STRATEGIC PRIORITIES

EVS CORE MISSION IS TO PROVIDE PREMIUM TECHNOLOGIES TO ENRICH AND MANAGE LIVE VIDEO ASSETS, ENABLING ITS CUSTOMERS TO ENGAGE AUDIENCES AND MONETIZE THEIR CONTENT ACROSS MULTIPLE PLATFORMS.
TO ACHIEVE THIS, EVS HAS DEVELOPED A GO-TO-MARKET STRATEGY WITH DIFFERENT APPROACHES.

GO-TO-MARKET STRATEGY



THE ALLIANCE FOR IP MEDIA SOLUTIONS (AIMS) IS A NON-PROFIT TRADE ORGANIZATION FOUNDED BY LEADING COMPANIES TO FOSTER THE ADOPTION OF INDUSTRY STANDARDS FOR THE BROADCAST AND MEDIA INDUSTRY AS IT TRANSITIONS FROM SDI TO IP. THE OBJECTIVE OF AIMS IS TO PROMOTE OPEN STANDARDS AND INTEROPERABILITY IN THE TRANSITION TO IP. AS OF MARCH 31, 2016, THE ALLIANCE COUNTED 22 MEMBERS.

AN INDUSTRY IN MOVEMENT

Since its creation in 1994, EVS has worked to identify the major technological and social trends that will impact production workflows in the broadcast industry, while being very attentive to customer needs. This approach has allowed EVS to build long term partnerships with customers and offer targeted solutions for their needs.

EVS continues to benefit from major structural trends that contribute to driving the business.

TECHNOLOGY

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

IP4Live is EVS' strategic approach is leading the transition to IP/IT-based infrastructures for live production. The program consists of new solutions – including new products and workflows – thought leadership on the successful transition to IP-based production, and proven reference designs for IP/IT-based production infrastructures. As part of the IP4Live program, EVS is introducing innovations such as the DYVI platform and the XiP gateway, making improvements to existing products like MultiReview, and fundamentally developing new approaches such as remote production and multiple concurrent workflows that share the same infrastructure. EVS is also working with technology partners and organizations such as AIMS (Alliance for IP Media Solutions) to bring the critical benefits of IP to customers and to the industry as a whole.

Like remote production, virtualization in private or public cloud infrastructures is continuing to gain in importance and application, driven by the desire to further tap into the IP ecosystem and benefit from the advantages offered by datacenter operations.

IMAGE QUALITY - CAMERAS

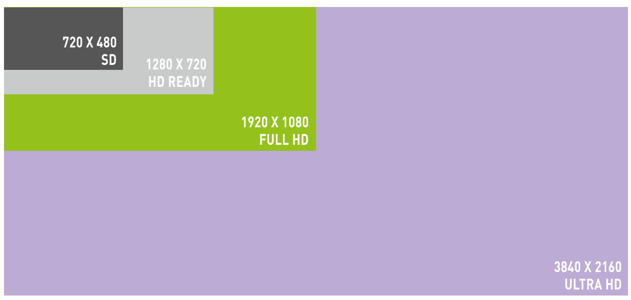
While the rollout of High Definition (HD) is not yet complete, the industry is already beginning to move to Ultra High Definition (UHD). In addition to UHD, High Dynamic Range (HDR: a technique used to reproduce a greater dynamic range of luminosity than is possible with standard techniques) and Higher 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.

CONTENT

Live is king. The emergence of new players, including OTT platforms such as Netflix, Hulu or Apple, puts pressure on traditional TV channels. Live content is a key differentiator for traditional broadcasters. And live content is mainly made up of sports (93 out of the top 100 live viewed TV programs in the US in 2015), news bulletins and entertainment shows.

ULTRA HIGH DEFINITION

4K UHD IS A RESOLUTION OF 3840 PIXELS × 2160 LINES (8.3 MEGAPIXELS, ASPECT RATIO 16:9) AND IS ONE OF THE TWO RESOLUTIONS OF ULTRA-HIGH DEFINITION TELEVISION TARGETED TOWARDS CONSUMER TELEVISION, THE OTHER BEING 8K UHD (7680 PIXELS × 4320 LINES; 33.2 MEGAPIXELS). UHD HAS TWICE THE HORIZONTAL AND VERTICAL RESOLUTION OF THE 1080P HDTV FORMAT, WITH FOUR TIMES AS MANY PIXELS OVERALL.



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.

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.

COMMON CORE TECHNOLOGY AND TARGETED APPROACHES

The XT3 hardware platform 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.

LIVE PRODUCTION

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 server technology available and provides users with the ability to take advantage of high-speed, real-time content ingest, editing and enrichment. EVS' commitment to future-proof solutions means users can easily adopt 1080p and UHD/4K technologies and take advantage of our pragmatic approach for the adoption of IP workflows through our IP4Live strategy.

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.

"WE KNOW THE IMPORTANCE OF LIVE. IT'S IN OUR DNA."

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.

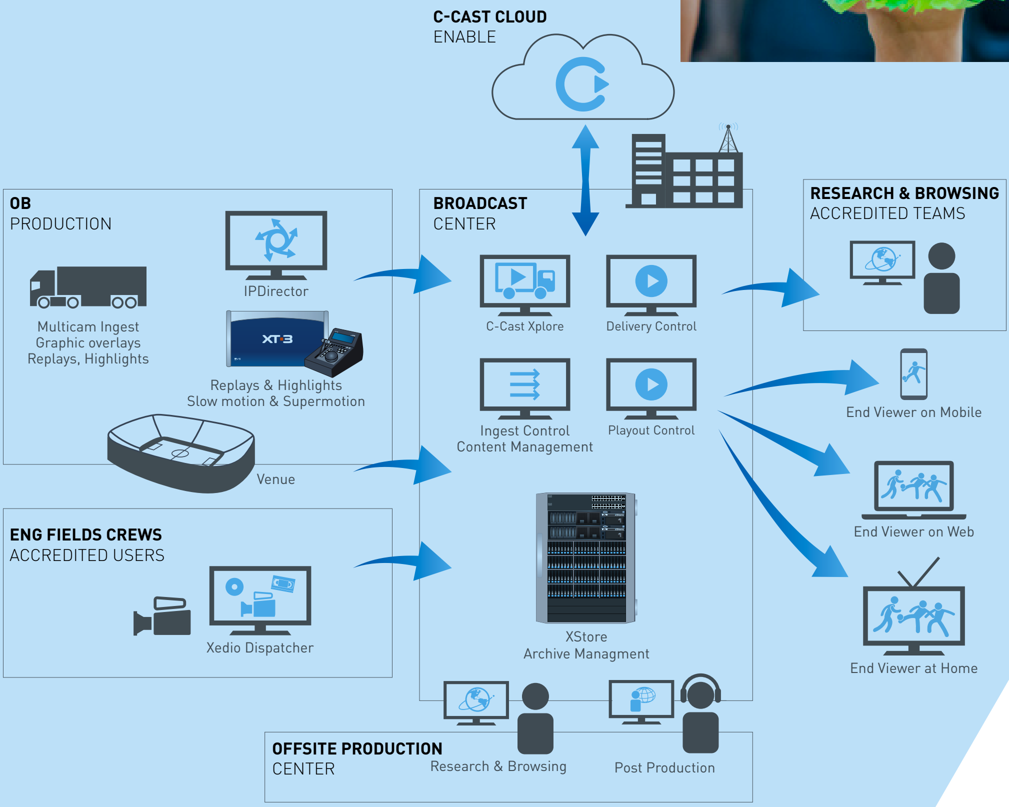
Our advanced server-based solutions provide concerts, stage shows, reality TV, talk and game shows and TV series with ultra-reliable playback and recording, and the tools to enable the efficient ingest, editing and enrichment of content in a highly collaborative, integrated environment.

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. Finally, they want to share their views with their friends and other fans. Linking excellent coverage to social networks, and allowing viewers to watch at any location – at home, at the game or anywhere else – is now the norm.

The C-Cast multimedia distribution platform takes all of the recorded content from the EVS servers on site and helps you turn that content into a customized, multi-screen experience for your connected fans – at top speed during live productions – building loyalty and opening up new revenue avenues for rights owners

THE EXPERT IN TAPELESS DIGITAL VIDEO TECHNOLOGY SOLUTIONS (GENERIC WORKFLOW IN SPORTS)



OUR KEY PRODUCTS

EVS SOLUTIONS ARE BASED ON MODULAR ARCHITECTURES. HERE ARE SOME OF OUR KEY PRODUCTS.

PRODUCTION SERVERS

XT3

Live production server, OB productions and sport broadcast centers

The XT3 is a production server (up to 12 HD/SD, 1080p channels, and up to 3 UHD-4K channels) which allows recording, controlling and playing media in real time. The new Channel Max option for XT3 allows you to configure more than 12 channels with your new or existing XT3 — as well as add more key features including Dual-LSM operations, double SuperMotion camera support and flexible modes for record or playback.
Its unique features are:

- Loop recording
- The highest number of supported SuperMotion cameras
- Native multi-codec support
- Expandable internal storage
- Flexibility for SD, HD, 1080P, UHD-4K

XS3

Live production server, studios and fast turnaround

The new XS3 media production server from EVS lets you start small and expand your channel needs at any time, while providing the most native codec and format support available for HD to UHD-4K operations. It's the flexible media server that will serve as the backbone of your entire production and provide legendary EVS reliability.

XTNANO

Live production server, lower-end OB productions

Now empowered to deliver with up to 8-channels, XTnano is EVS' HD/SD slow motion replay server designed for simple live productions, offering live feed recording, slow motion and super motion replays, clipping and playlist control.

LIVE TOOLS

MULTIREVIEW

Empowering more with live content

Ever wish you could access a synchronous view of all the camera angles? Or quickly create compelling highlights without relying on your operators? MulltiReview lets you do this and more, empowering producers and operators to produce a better live content with faster decisions and views on every angle.

LSM CONNECT

Hands-on live content control for LSM and replay operators

LSM Connect is a powerful application for clips and playlist management of live content. Directly connected to LSM remote and the XT Live production server, LSM Connect gives operators instant access and control of all clips, metadata, search and playlists during live broadcast production linked to the EVS LSM Controller.

GLUE & WORKFLOW ORCHESTRATION

OPENCUBE HD/SD

Ingest server for MXF file mastering

OpenCube HD/SD offers MXF file generation for streamlined tapeless workflows. Providing advanced network connectivity, servers can be easily integrated into existing storage facilities, giving flexibility and the opportunity to reduce production costs. Directly connected to a VTR, to a Flexicart or to Live feeds in production or post-production, OpenCube HD/SD efficiently ingests, reviews and prints back to tape all of your media in HD and SD formats.

XSQUARE

Orchestrate your media movements

Xsquare makes it easy to transfer or transcode media in complex workflow environments. It provides a flexible architecture that leverages the XTAccess engines and can be easily monitored and controlled from a unique web based interface. Xsquare manages workflows between EVS solutions, EVS and third party storage, NLE, and the outside world.

EPSIO FAMILY

Extend the LSM operator's editorial capabilities

Take your replays and highlights to the next level with fast and easy graphics effects and synchronized data insertions. The EPSIO Family of products allows content creators to extend the capabilities of the EVS Live Servers through a series of tools which enable graphical extensions to the operator's toolset.

- EPSIO Live: adding on-field virtual effects
- EPSIO Fx: adds graphic effects for high impact highlights, and revealed data insights
- EPSIO Paint: brings effortless telestration effects to Live replays
- EPSIO Zoom: brings the power to deliver every last detail with zoom and keyframing

XFILE3

Fastest live file archiving and transfer

Xfile3 is the fastest way to move and exchange your EVS files during production. Backup, stream and restore your content with ease in any format and from multiple destinations.

SHARED STORAGE

XSTORE

High-performance central shared storage. Guaranteed.

XStore shared storage solutions intelligently address the ever-growing challenges that come with managing video content and related data storage for live & non-live content access.

ARCHIVE ASSET MANAGEMENT

MEDIARCHIVE DIRECTOR

Archive digitization and content delivery

EVS' MediArchive Director offers a set of tools to centrally manage various archive and content delivery platforms, including formats which allow media browsing based on metadata. Delivery is automatically handled by these tools, managing automated media digitization, rewrapping and controlling all necessary robots to optimize management while providing a cost-effective content solution delivery.

PRODUCTION CONTENT MANAGEMENT

IPDIRECTOR

Production content management

The IPDirector content management system enhances broadcasting operations with instant access and efficient control of EVS Live production server content. It provides playout and file delivery with unmatched speed and reliability. Based on a central database and licensing model, IPDirector lets you start small and scale to any production size.

- Ingest and playout control
- Browsing tools to enable every member of the production team
- Metadata and logging flexibility to organize live content
- Modular design with floating license to flex with your facility
- Distributed architectures that ensure live operations are reliable

INGEST FUNNEL

Mastering media workflow

Ingest Funnel is a unique portal and single interface that solves file ingest nightmares, easily transforming, legalizing and mastering all ingest formats and content. The system provides a simple HTML interface for viewing files, then analyzes content and automatically selects the right tool for processing, whether an EVS or third-party solution.

NEXT GENERATION IT-BASED SWITCHERS

DYVI

Brillantly simple, creative control

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.

EDITING TOOLS

IPLINK FOR ADOBE

Instant access to live content for Adobe editors

IPLink gives Adobe editors instant access to EVS live content for faster turnaround and better storytelling, The advanced level of integration provided by the IPLink plugin gives Adobe Premiere Pro CC editors an innovative and seamless workflow, allowing more time for creativity.

XEDIO CLEANEDIT

Virtual NLE for fast production needs

CleanEdit is a customizable NLE software designed for fast production of news stories or highlights that can easily connect to any production environment. It supports all latest SD and HD broadcast file formats natively and provides a great set of functions and typical effects.

MULTIMEDIA DISTRIBUTION

C-CAST

Connected content platform

C-Cast is a turnkey SaaS platform that enables content owners to maximize media by connecting live content with consumers and content creators. C-Cast can scale to your global delivery needs, providing content in the right format and delivery method, to the right connected screen.

FANCAST

Connecting fans to more

With FanCast, you'll give your fans a more connected, vibrant live experience before, during and after the game – leading to greater fan engagement, deeper loyalties and new revenue opportunities. The FanCast bundle offers up a total solution for stadiums and arenas to execute display screen replays, content management from game day productions, and extend content to the connected fans of tomorrow.

SERVICE

FROM CONSULTING TO MAINTENANCE

On top of strong products and software applications, EVS is committed to the highest level of service. It covers different areas, including workflow and process consulting, installation, maintenance, upgrades, and user training. For specific events, EVS also proposes rental contracts for its servers and applications, in order to meet its clients' needs. The foundation of this great service quality is the EVS team, available and responsive, in constant interaction with its customer base and user community.

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.

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 new 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). It is expected to receive a positive rating according to the BREEAM evaluation method.

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.

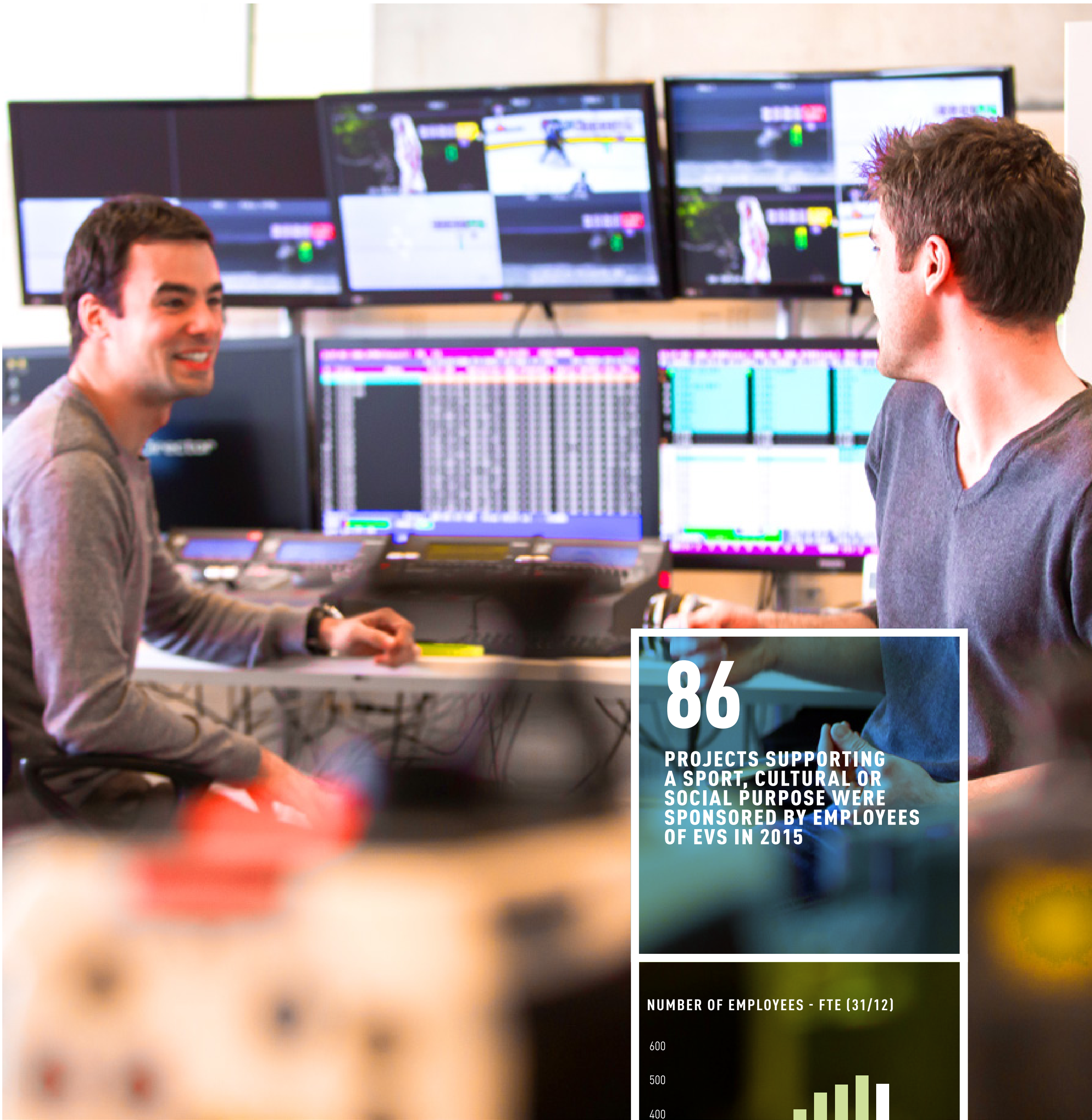
THE EMPLOYEES

Employees are the main assets of EVS. They develop 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.

This includes, among others:

- an attractive workplace (open and luminous building in a wooded environment, cordial company cafeteria, etc.);
- listening carefully to people, internal training programs for new employees;
- 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.



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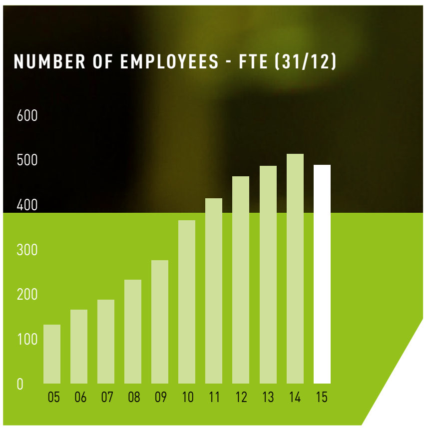
PROJECTS SUPPORTING A SPORT, CULTURAL OR SOCIAL PURPOSE WERE SPONSORED BY EMPLOYEES OF EVS IN 2015



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

THE COMMUNITY

EVS has a strong regional anchor and tries to participate in the development of the communities where its offices are located. The company builds partnerships with local suppliers, actively supports cultural and social projects and encourages its employees to do likewise in their own environment through targeted sponsoring.

FIND OUT MORE ONLINE
WWW.EVS.COM

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, 2015, EVS was also eligible for the new Equity Savings Plan for Small and Medium Size Enterprises in France ("plan PEA-PME").

During 2015, the maximum value reached by the stock price was EUR 36.40 on April 10, 2015 and the minimum value of EUR 21.06 was reached on August 24, 2015. EVS had a market capitalization of EUR 395.1 million at December 31, 2015 with a share price of EUR 29.00. In 2015, the EVS shares decreased by 3.0%, while the BEL20 increased by 12.6%, the Dow Jones Europe 600 Technology™ by 12.6% and the Nasdaq Composite by 5.7%.

During 2015, around 87% of the company's shares were exchanged, an average of 46,130 shares were traded daily on Euronext and the other trading platforms, which represents EUR 1.3 million. Adjusted for an average free float of 94%, EVS had a velocity of 92.7% during 2015.

DIVIDEND

As from 2013, the Board of Directors has established 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.

The prospectus announced a payout ratio of 30%. This ratio has evolved between 60 and 125% since 2004. The dividend yield varied from 4% to 10% over the same period.

For the 2015 fiscal year, the Board of Directors will propose to the shareholders, at the Ordinary General Meeting of May 17, 2016, 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 2015. If approved by the Ordinary General Meeting, the remaining gross dividend of EUR 0.50 (or EUR 0.375 net of Belgian withholding tax of 25%) will be paid on May 26, 2016 against coupon #22 (ex-date: May 24, 2016; record date: May 25, 2016). The Board proposal for 2015 represents a payout ratio of 56.8% and a dividend yield of 3.5%.

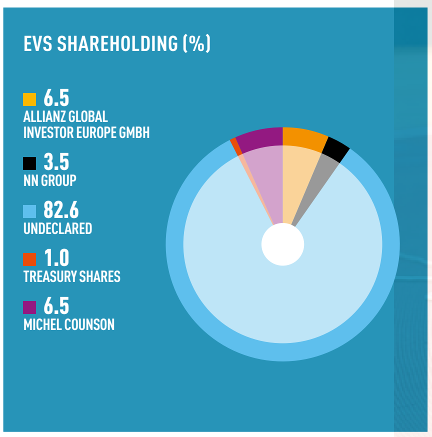
SHAREHOLDING

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 2015).

At December 31, 2015, the shareholding of EVS Broadcast Equipment was as in the graphic below (from recent statements received by the company and the position of treasury shares at December 31, 2015).

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



THE EVS SHARE OVER THE LAST 10 YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Number of shares issued (average)	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,625,000	13,736,111	13,875,000	13,875,000	13,948,973
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	13,875,000	13,875,000	13,875,000
Average number of shares, excl. own shares	13,490,812	13,513,053	13,480,715	13,449,081	13,465,244	13,511,048	13,554,643	13,578,250	13,587,090	13,630,464
Average free float	93.5%	93.5%	93.5%	93.5%	88.5%	82.8%	80.9%	79.5%	77.4%	75.0%
Annual volume[1]	11,809,385	17,242,611	14,884,293	8,758,751	16,614,717	13,166,859	15,990,689	13,393,117	8,938,624	10,109,440
Average daily volume (number of shares)[1]	46,130	66,574	58,600	34,348	63,904	51,034	62,463	52,317	35,053	39,645
Average daily volume (EUR)[1]	1,326,711	2,459,901	2,888,959	1,383,196	2,726,774	2,154,676	2,318,011	2,731,703	2,220,117	1,545,759
Standard velocity[2]	86.7%	126.6%	109.2%	64.3%	121.9%	96.6%	116.4%	96.5%	64.4%	72.5%
Adjusted velocity - Average free float[3]	92.7%	135.3%	116.8%	68.7%	137.8%	116.8%	144.0%	121.5%	83.3%	96.7%
Average annual share price (EUR)	28.76	36.95	49.30	40.27	42.67	42.22	37.11	55.78	61.27	38.99
Closing share price (EUR)	29.00	29.89	46.99	44.40	39.49	47.90	44.80	25.50	79.60	43.80
Highest share price (EUR)	36.40	47.97	57.19	46.00	48.30	49.49	53.24	80.39	83.86	44.85
Lowest share price (EUR)	21.06	23.52	39.88	34.97	34.10	31.97	21.22	21.00	42.50	27.85
Market capitalization (average, EUR millions)	391.9	503.4	671.7	548.7	581.4	575.2	509.7	773.9	850.1	543.9
Market capitalization (Dec. 31, EUR millions)	395.1	407.3	640.2	605.0	538.1	652.6	610.4	353.8	1,104.5	607.7
Gross dividend (EUR)	1.00	2.00	2.16	2.64	2.36	2.64	2.48	2.48	2.28	1.68
Net dividend (EUR)	0.75	1.50	1.62	1.98	1.77	1.98	1.86	1.86	1.71	1.26
Dividend yield (gross dividend on average share price)	3.5%	5.4%	4.4%	6.6%	5.5%	6.3%	6.7%	4.4%	3.7%	4.3%
Share buyback/share	0.00	0.36	0.00	0.00	0.17	0.27	0.05	0.52	0.16	0.47
Basic EPS (EUR)	1.76	2.63	2.52	3.10	2.38	2.82	1.88	3.33	2.91	2.89
Payout ratio (gross dividend on basic EPS)	56.8%	76.0%	85.7%	85.2%	99.2%	93.6%	131.9%	74.5%	78.4%	58.1%
Price/earnings ratio (average on current EPS)[4]	16.3	14.0	19.6	13.0	17.9	15.0	19.7	16.8	21.1	13.5

[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 shares 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 current EPS over the same period.

MAY 17 2016

ORDINARY GENERAL MEETING

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 on the first day of the new fiscal quarter and continues until the next earnings release.

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.

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

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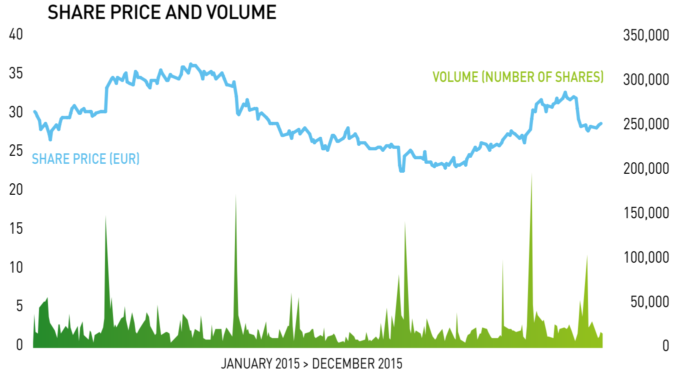
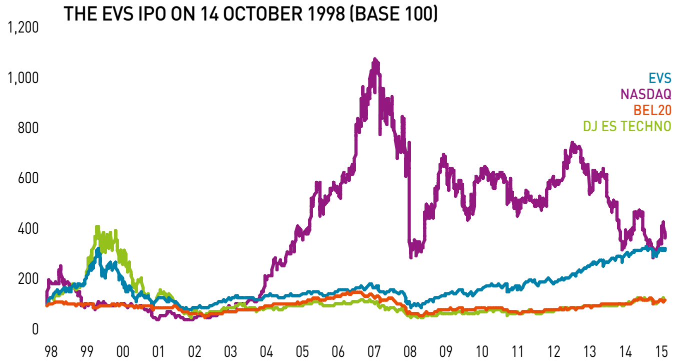
Belgique

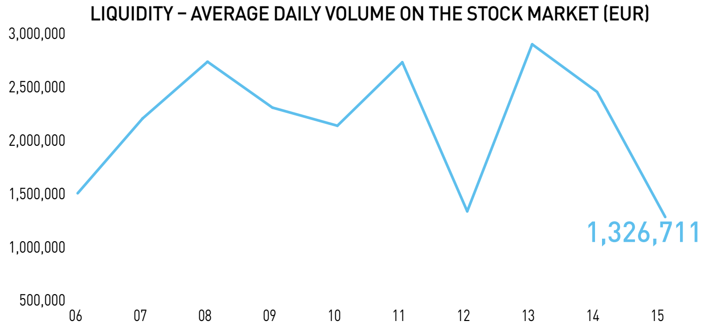
SHARE PRICE AND VOLUME



FROM THE IPO UNTIL TODAY – STOCK PRICE TREND COMPARISONS SINCE THE EVS IPO ON 14 OCTOBER 1998 (BASE 100)



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



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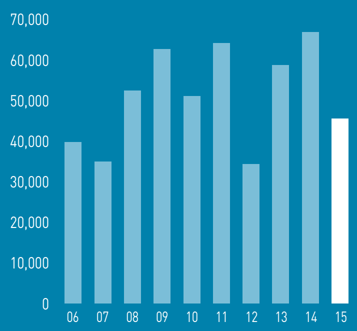
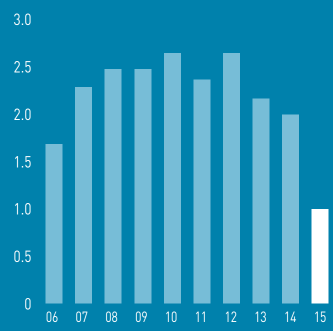
WWW.EVS.COM

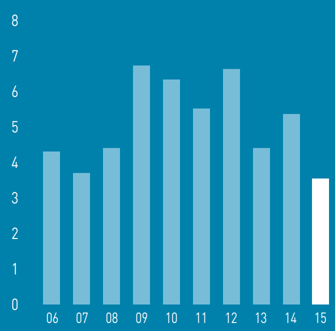
LIQUIDITY – AVERAGE DAILY VOLUME ON THE STOCK MARKET (NUMBER OF SHARES)



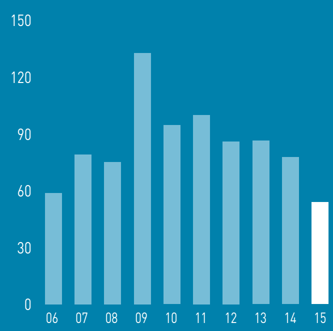
GROSS DIVIDEND PER SHARE AFTER SPLIT (EUR)



DIVIDEND YIELD (%)



PAYOUT RATIO (% OF BASIC EPS)



SHAREHOLDER'S CALENDAR

12 MAY 2016
First quarter 2016 results

17 MAY 2016
Ordinary General Meeting

24 MAY 2016
Coupon #22: final dividend ex-date

25 MAY 2016
Coupon #22: final dividend record date

26 MAY 2016
Coupon #22: final dividend payment date

25 AUGUST 2016
Second quarter 2016 results

10 NOVEMBER 2016
Third quarter 2016 results

KEY FIGURES, CONSOLIDATED – IFRS (EUR MIO)	2015	2014	2013	2015/2014
Revenue	118.5	131.4	129.1	-9.8%
Operating profit - EBIT[1]	32.7	46.1	48.4	-29.1%
Net profit (group share)	23.7	35.5	34.0	-33.3%
Net profit from operations, excl. dcinex (group share)[2]	24.2	35.2	35.9	-31.1%
Investments	5.0	22.4	15.1	-77.6%
Cash generated from operations	32.6	54.8	47.8	-40.5%
Total equity before profit allocation (31/12)	78.2	73.5	68.5	6.3%
Net cash position (31/12)[3]	-3.4	-8.5	0.1	N/A
Net working capital (31/12)[4]	46.8	38.4	40.3	22.1%
Number of employees in FTE (31/12)	485	512	486	-5.3%

DATA PER SHARE (EUR)	2015	2014	2013	2015/2014
Average number of shares excl. treasury shares	13,490,812	13,513,053	13,480,715	-0.2%
Basic net profit (group share)[5]	1.76	2.63	2.52	-33.1%
Basic net profit from operations, excl. dcinex (group share)[5]	1.80	2.60	2.68	-34.1%
Gross dividend (interim + final dividend)	1.00	2.00	2.16	-10.0%
Equity per share	5.74	5.40	4.99	6.3%

RATIOS (%)	2015	2014	2013	2015/2014
Gross margin (%)	71.1%	74.5%	75.5%	-
EBIT margin (%)[1]	27.6%	35.1%	37.5%	-
Net margin[6]	20.5%	26.8%	27.8%	-
Payout ratio (gross dividend/net profit)	56.8%	76.0%	85.7%	-
Dividend yield (gross dividend/average share price)	3.5%	5.4%	4.4%	-
Return on equity – ROE[7]	32.3%	52.3%	50.6%	-
Return on capital employed – ROCE[8]	35.3%	54.3%	69.0%	-

[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 profit from operations, excluding dcinex, is the net profit (group share) excluding non-operating items (net of tax) and the dcinex contribution.

[3] 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).

[4] The net working capital = stocks + trade receivables - trade payables

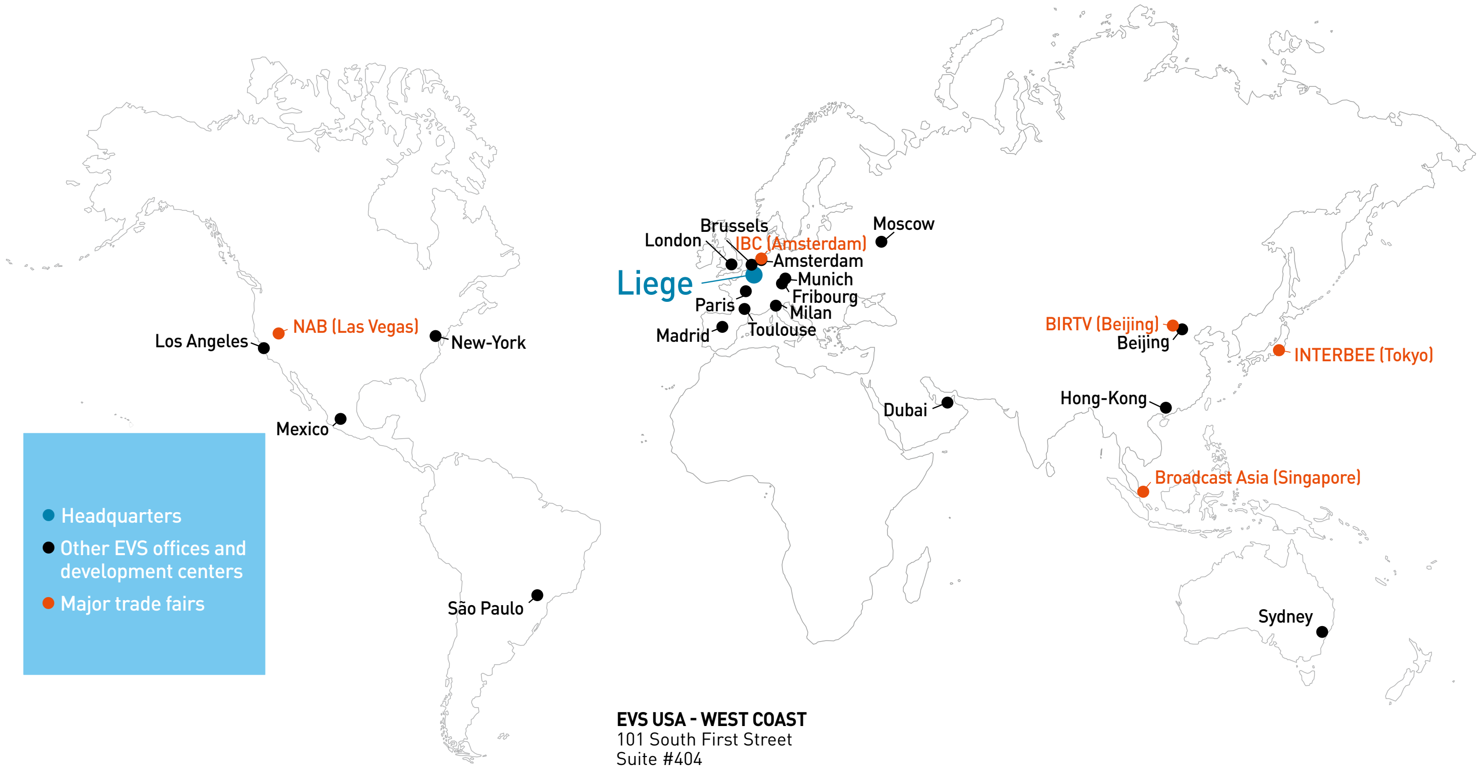
[5] Calculated based on the number of shares excluding treasury shares and warrants.

[6] The net profit margin is the net profit from operations divided by the revenue.

[7] 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).

[8] Net profit from operations, excl. dcinex/(goodwill + intangible and tangible assets + stocks).

OUR PRESENCE IN THE WORLD



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VICE PRESIDENT INVESTOR RELATIONS AND CORPORATE COMMUNICATION

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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.

2015 ANNUAL FINANCIAL REPORT

EVS

TABLE OF CONTENTS

MANAGEMENT REPORT

FINANCIAL REPORT

1. CONSOLIDATED KEY FIGURES – IFRS (EUR MILLIONS)

	2015	2014	2013	2015/2014
Revenue	118.5	131.4	129.1	-9.8%
Gross margin %	71.1%	74.5%	75.5%	-
Operating profit - EBIT	32.7	46.1	48.4	-29.1%
Operating margin (EBIT) %	**27.6%**	**35.1%**	**37.5%**	-
Contribution from dcinex	-	-0.2	0.1	N/A
Income taxes	-9.8	-14.7	-15.3	-33.5%
Net profit, group share	23.7	35.5	34.0	-33.3%
Net profit from operations, excl. dcinex, group share (1)	24.2	35.2	35.9	-31.1%
Net profit margin from operations, excl. dcinex (%)	20.5%	26.8%	27.8%	-

(1) The net profit from operations, excl. dincex, is the net profit (share of the group) excluding non-operating items (net of tax) and the dcinex contribution. Refer to note 6.2 on use of non-GAAP financial measures.

2. HIGHLIGHTS

Our performance in 2015 was better than forecasted, with a stronger than expected end of year. After a period of high cautiousness, we observed at the end of the year some of our customers releasing budgets that were put on hold during the first part of the year. We expect the industry to remain in mutation in 2016 and technology transitions to continue weighting on investment decisions. Despite these challenging conditions, EVS remains leader and keeps the confidence of its customers, as evidenced by the recent multi-year contract with NEP, a very high order book or our key role in the upcoming big sporting events. Aside of the financial performance, we have done a lot to position the company for the future. In 2015, we had a strong focus on cost management and set up a more efficient organization, and the results were above our expectations. In 2016, we will keep a strong focus on cost management, while investing in the future to consolidate our leadership and develop new growth opportunities.

Revenue in 2015 was slightly above the EUR 110-115 million guidance given in November 2015, thanks to a stronger than expected year-end. EMEA was particularly dynamic in 4Q15, partially offsetting the weakness of the first half. In 2015, our focus on cost management has paid off, with opex down year-on-year at constant currency. The EBIT margin for the year was 27.6%, and the EPS EUR 1.76. For 2016, our visibility on the top line is low, as usual at the beginning of the year. We expect around EUR 10 million of rentals from the 2016 big events (mainly Euro football championship and Olympics), and see some controlled opex growth compared to 2015 related to investments in new products and new technologies.

3. STRATEGY AND LONG TERM GROWTH DRIVERS

EVS' core mission is to provide premium technologies to enrich and manage live video assets, enabling its customers to engage audiences and monetize their content across multiple platforms.

The established long-term growth drivers remain in place and include HD, 4K, multi-platform distribution or live sports and other programming. In addition, new video consumption habits, with increased interaction with smartphones and tablets, open up new opportunities for our company. Traditional customers and new players, such as sport teams and federations, are looking at innovative ways to further engage fans and keep them connected longer – at home or in the stadiums (more information about the strategy in the "Annual review" document).

4. REVENUE

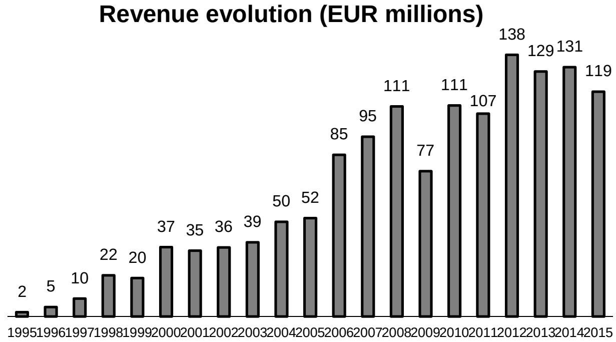
EVS revenue amounted to EUR 118.5 million in FY15, a decrease of 9.8% (-6.2% at constant currency and excluding the big event rentals) compared to FY14. Sales of solutions in Outside Broadcast vans decreased by 7.2% to EUR 63.7 million, representing 53.8% of total group sales in FY15. Studio & others sales increased by 9.2% in FY15 to EUR 52.9 million, representing 44.6% of total sales. Big events rentals amounted to EUR 1.9 million in FY15 (relating to the Southeast Asian Games and the Women soccer World Cup), compared to EUR 14.3 million in FY14. They represented 1.6% of total sales in FY15.

In 2015, in Europe, Middle-East and Africa ("EMEA"), sales (excl. big event rentals) amounted to EUR 49.8 million (-20.7% compared to 2014), representing 42.0% of group revenue.

Sales (excl. big event rentals) in Americas ("NALA") were EUR 41.2 million (+4.5% at constant currency).

In Asia & Pacific ("APAC"), sales (excl. big event rentals) were EUR 25.6 million (+19.9% at constant currency).

Revenue evolution (EUR millions)



Sales by region (EUR millions)

	2015	2014	Mix 2015	2015/2014
Europe, Middle-East, Africa (EMEA)	49.8	62.8	42.0%	-20.7%
Americas (NALA)	41.2	32.9	34.8%	+25.1%
at constant exchange rate	*34.4*	*32.9*	-	*+4.5%*
Asia-Pacific (APAC)	25.6	21.3	21.6%	+19.9%
Big event rentals	1.9	14.3	1.6%	N/A
TOTAL	**118.5**	**131.4**	**100%**	**-9.8%**

5. RESEARCH AND DEVELOPMENT

Research and Development ("R&D") expenses in 2015 were EUR 24.5 million, -2.7% compared to 2014. These expenses represent 20.7% 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. Today, there are around 240 high-level engineers working in 5 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 tapeless modular production platforms with a broad bandwidth 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.

6. STAFFING

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

	Corporate Services	Research & Development	Sales & Marketing	Assembling & Professional services	Total
Dec. 31, 2013	78	239	53	116	486
Dec. 31, 2014	73	261	59	119	512
Dec. 31, 2015	67	238	59	122	485

As of December 31, 2015, EVS had a total of 485 employees (full-time equivalents, including 5 managers ("membres du personnel de direction"), 442 employees and 38 consultants, advisors and temporary), a decrease of 5.3% compared with end of year 2014. The total salary cost stands at EUR 38.9 million in 2015 as opposed to EUR 37.0 million in 2014. Throughout 2015, the average number of employees was 489, down 2.8% over 2014 (503). The main reason for the staff decrease in 2015 is the closing of the EVS development center in Chengdu (China) in June 2015. It employed 34 people at the time of the closing. Ongoing developments made in China have been transferred in new headquarter in Liège, where 11 people were recruited for these.

7. RESULTS

7.1. 2015 key figures per quarter

IFRS - EUR million, except earnings per share, expressed in EUR	1Q15 unaudited	2Q15 unaudited	*1H15 unaudited*	3Q15 unaudited	4Q15 unaudited	*2H15 unaudited*	2015 audited
Revenue	24.1	23.3	*47.4*	28.2	42.9	*71.1*	**118.5**
Gross margin	17.2	15.5	*32.8*	19.8	31.7	*51.5*	**84.2**
Gross margin %	71.4%	66.7%	*69.1%*	70.0%	74.0%	*72.4%*	**71.1%**
Operating profit – EBIT	5.5	1.9	*7.4*	7.2	18.0	*25.2*	**32.7**
Operating margin – EBIT %	22.7%	8.2%	*15.6%*	25.6%	42.1%	*35%*	**27.6%**
Net profit – Group share	4.8	0.7	*5.5*	4.8	13.4	*18.2*	**23.7**
Net profit from operations. excl. dcinex – Group share (1)	4.9	1.1	*6.0*	4.8	13.4	*18.2*	**24.2**
Basic earnings per share	0.36	0.05	*0.41*	0.36	1.00	*1.36*	**1.76**
Basic earnings per share from operations. excl. dcinex (1)	0.36	0.08	*0.44*	0.36	0.99	*1.35*	**1.80**

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non-operating items (net of tax) and the dcinex contribution. Refer to Note 6.2: use of non-GAAP financial measures.

7.2. Comments on 2015 results

Consolidated gross margin was 71.1% for FY15, compared to 74.5% in FY14 due to lower sales, higher write-offs on inventories, the impact of the new building and the impact of currency fluctuations. Operating expenses grew by 1.6% (but -1.6% at constant currency), mainly due to the effect of currency fluctuations and the impact of the new building, partially offset by some reversals of existing provisions on accounts receivables. This leads to a FY15 EBIT margin of 27.6%, compared to 35.1% in 2014. Group net profit amounted to EUR 23.7 million in FY15, compared to EUR 35.5 million in FY14. Basic net profit per share amounted to EUR 1.76 in FY15, -33.1% compared to EUR 2.63 for FY14.

7.3. Data per share (EUR)

	2015	2014	2013	2015/2014
Weighted average number of subscribed shares for the period, less treasury shares	13,490,812	13,513,053	13,480,715	-0.2%
Basic net profit, group share	**1.76**	**2.63**	**2.52**	**-33.1%**

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

Total equity represented 56.4% of total balance sheet at the end of December 2015. Inventories amounted to EUR 15.6 million, including around EUR 3.0 million value of own equipment used for R&D and demos of EVS products. Inventories were slightly up compared to the end of September 2015, following the purchase of components at the end of the year. 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 started in 2Q15 and will be approximately EUR 2.1 million on a full year basis. At the end of December 2015, EUR 56.1 million have been invested (less EUR 5.6 million of subsidies booked at the same date). A total of EUR 30.0 million has been drawn on available loan facilities to finance it, but the company already started to repay a part of it (EUR 5.2 million).

The net cash from operating activities amounted to EUR 22.9 million in FY15. On December 31, 2015, the group balance sheet showed EUR 22.6 million in cash and cash equivalents, and EUR 24.8 million in financial long-term debts (including short term portion of it).

At the end of December 2015, there were 13,625,000 EVS outstanding shares, of which 129,917 were owned by the company. At the same date, 266,800 warrants were outstanding with an average strike price of EUR 40.17 and an average maturity in February 2017.

At the end of 2015, the capital was represented by 13,625,000 shares, of which 129,917 were owned by the company.

In 2015, the company didn't repurchase any share on the stock market. A total of 1,900 shares, which had been transferred from Delta Lloyd to EVS in 3Q15, as a result of the termination of the 2005 EVS stock split process, have been sold in 4Q15 during the final step of the dematerialization process in Belgium. No shares were used to satisfy the exercise of warrants by employees. At the end of 2015, the company owned 129,917 treasury shares, at an average historical price of EUR 38,18.

10,581 shares were granted to employees under the profit-sharing scheme. Indeed, in line with previous years, and within the framework of the law of May 22, 2001, the Ordinary General Meeting of May 19, 2015 decided to grant its employees a special reward through the profit-sharing scheme ("plan de participation bénéficiaire") similar to the grant of shares of the company up to an amount of EUR 0.4 million.

In 2015, the Board didn't grant any warrant to employees. There were no exercise and there were 105,250 cancellations in 2015. As of December 31, 2015, 266,800 warrants were outstanding with an average strike price of EUR 40.17 and an average maturity of February 2017. However, none of these warrants were exercisable and in-the-money (with an exercise price below the share price as of December 31) at December 31, 2015. The 266,800 existing warrants have a potential diluting effect of 2.0% on capital. This is partially covered by the 129,917 treasury shares.

EVS accelerated the dematerialization of its shares. As a consequence, as from December 15, 2011, the securities in bearer form issued by the company which would not have yet been registered on a securities account are automatically converted in book-entry securities.

9. PROVISIONS FOR RISKS AND CHARGES

As per December 31, 2015, EUR 1.1 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 28.2.

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, 2015, the net book value of lands and buildings was EUR 48.1 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 5.1 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 2015.

13. OUTLOOK 2016

The order book (to be invoiced in 2016) on February 15, 2016 amounts to EUR 50.4 million, which is +69.2% compared to EUR 29.8 million last year (+41.3% excl. the EUR 8.8 million for big events rentals in 2016).

In addition to this order book to be invoiced in 2016, EVS already has EUR 12.2 million of orders to be invoiced in 2017 and beyond.

After a period of high cautiousness, we observed at the end of the year some of our customers releasing budgets that were put on hold during the first part of the year. In 2016, we expect the industry to remain in mutation and technology transitions to continue weighting on investment decisions. In this context, and with limited visibility, as usual at this time in the year, the EVS management remains prudent for 2016. The company expects around EUR 10 million of rentals relating to the big sporting events. In 2016, we will keep a strong focus on cost management, while investing in new products and new technologies. This should result in some controlled opex growth.

14. SUBSEQUENT EVENTS

Significant events that arose after the balance sheet date are:

- The information communicated in the 2015 annual results released on February 18, 2016;
- On January 25, 2016, EVS announced the signature of a multi-year contract (2016-2018) with NEP Group Inc, valued slightly above USD 15 million;
- On February 18, 2016, EVS signed the formal sale of one of the former buildings, for which a preliminary sale agreement had been signed in 3T15. This sale will be booked in 1T16 and will generate a positive result.

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 17, 2016, what would imply a final gross dividend of EUR 0.50 per share to be paid on May 26, 2016. The Board of Directors proposes to grant around 10,800 shares to the employees within the framework of the law relating to profit-sharing schemes.

The group has a policy of repurchasing treasury shares which evidences EVS confidence in its future. The Board of Directors has the authorization, given by the Extraordinary General Meeting of November 5, 2014, to buy back shares in the normal course of operations (authorization given for a period of 5 years), under certain conditions and with a maximum of 10% of existing shares. The group intends to pursue its own shares repurchase policy as the market opportunities arise, and within the limits of these authorizations.

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 2015.

1. CORPORATE GOVERNANCE CHARTER

Already in 2006, the Board of Directors of EVS Broadcast Equipment approved a Corporate Governance Charter ("Charter"), which has been regularly updated. 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 6 years. On December 31, 2015, the Board of Directors was made up of 7 members. Decisions are taken by a majority vote. In the event of a tie, the Chairman or his representative has a casting vote. In the case of a conflict of interest, the people involved do not take part in the debates and in the vote.

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

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 2015, the Board met 7 times and notably discussed the following matters: strategic review, R&D and product developments, monitoring subsidiaries, treasury shares policy and liquidity management, 2015 business updates, the 2016 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 2 times in 2015 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.

3.2. Remuneration Committee

The Remuneration Committee is composed of three 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 5 times in 2015.

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 2015, the Strategy Committee members met 2 times.

On December 31, 2015, the Board of Directors was made up as follows:

		Director since	Audit Committee	Remuneration Committee	Strategic Committee	Term of mandate	Activities in 2015	
							Attendance Board meetings	Attendance Committees
ACCES DIRECT SA, represented by Pierre RION *	Chairman	2010*	Member			May 2016	7/7	4
Michel COUNSON	Managing Director	1994				May 2016	7/7	-
MucH sprl, represented by Muriel DE LATHOUWER	Managing Director **	2013			Member	May 2019	7/7	7
Christian RASKIN	Independent Director	2010	Member	Chairman		May 2018	7/7	6
Freddy TACHENY	Independent Director	2013			Member	May 2016	7/7	2
Patrick TILLIEUX ***	Independent Director	2015			Chairman	May 2016	1/1	-
Yves TROUVEROY	Independent Director	2011	Chairman	Member		May 2019	7/7	5
Martin DE PRYCKER ******	Observer	-		Participant	Participant			

* Pierre RION was Director as a natural person between 2003 and 2010.
** Muriel De Lathouwer fulfilled the criteria of independence until October 13, 2014, date of her appointment as President of the Executive Committee (ad interim). Muriel De Lathouwer resigned as an Independent Director as natural person on February 16, 2015, and MucH sprl, permanently represented by Muriel De Lathouwer, was co-opted Director as corporate body. This change follows the appointment on February 16, 2015, of MucH sprl, represented by Muriel De Lathouwer as Managing Director and CEO of EVS.
*** Patrick Tillieux was appointed in November 2015, under the cooptation process
**** Martin De Prycker was appointed as Board Observer in November 2015, and attends the meetings of the Remuneration and Strategic Committees. He will be proposed as Board Member at the next Ordinary General Meeting in May 2016.

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 seven 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).

Christian RASKIN (1947)
Christian Raskin was a member of the Board of Management of Draka Holding, one of the largest cable companies in Europe. Before this, he led the fiber optics activities and the Dutch and French subsidiaries. In 1984, he cofounded Zetes Industries (now listed on Euronext Brussels). He holds a Master in Economics from UCL in Belgium and is a Bachelor in Accounting. He is a Director at Oman Cable Industries (listed on the market of Mascate) and of two private tech companies in Belgium.

Pierre RION (1959)
Pierre Rion is co-founder of the IRIS Group, which he co-managed up to 2001. He is a qualified Electronics and Computing Civil Engineer from the University of Liège, acting mainly as Business Angel, and he also sits on the boards of other Belgian companies, including CPH Banque, Cluepoints, Pairi Daiza, Akkanto and Belrobotics. He is also Chairman of the “Conseil du Numérique” in Wallonia and Vice Chairman of the Belgium Foreign Trade Agency. He is Compliance Officer of EVS.

Freddy TACHENY (1961)
Mr. Tacheny is Managing Director of F. Tacheny SPRL (active in sport and media consulting) and Zelos, company he founded in 2012, active in advising stakeholders in the sport world (federations, clubs and events) and creating economic models to optimize revenues in sport. He started his career at IP (the advertising arm of RTL Belgium) in 1989, where he became successively Marketing Director and Managing Director in 1999. In 2002, he became General Manager of RTL Belgium, a position he held until his departure of RTL Belgium in 2011. He holds a Master in Business Sciences (ICHEC, Brussels). He is a Director of BMMA (Belgian Marketing and Management Association), of which he was the Chairman during 11 years. He is also the Sport Chairman of the Jules Tacheny circuit in Mettet.

Patrick TILLIEUX (1957)
Patrick Tilleux has been appointed as independent Director in November 2015, under the cooptation procedure (his mandate will be proposed for confirmation at the OGM of May 2016). He is a non-Executive Director in various companies: Euronews (France), PLAY Telecom (Poland), Ceske Radiokomunikace (Czech Republic), Towercom (Slovakia) and Brussels Airport (Belgium). Between 2012 and 2014, he served as Director & CEO of Red Bee Media Ltd. (global broadcast and media services provider, now part of Ericsson), driving and operating a strategic turnaround and a successful financial restructuring of the company. He was Chief Operating Officer and a Member of Executive Board at ProSiebenSat.1 Media AG between 2007 and 2009. From 2001 to 2007, he held various executive functions within the SBS group (CEO of SBS Belgium, CEO of SBS Nederland and lastly CEO of SBS Broadcasting Europe). Before that, he occupied executive functions within different broadcasters, including Eurosport, TF1, RTL Nederland, CANAL+ Holland and CANAL+ Flanders. He holds a M. Sc. in civil engineering and a M. Sc. in industrial administration from the University of Leuven (Belgium).

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, 2015, the Executive Committee was composed of:

- MucH sprl, represented by Muriel DE LATHOUWER, Managing Director & CEO (1)
- Luc DONEUX, Executive Vice President, Chief Commercial Officer
- Henry ALEXANDER, Senior Vice President, Market & Product (2)
- Benoît FEVRIER, Senior Vice President, CTO
- Christine VANDER HEYDEN, Senior Vice President, Human Resources

(1) Muriel De Lathouwer was President of the Executive Committee, ad interim, since October 13, 2014. She has been appointed Managing Director and CEO of EVS on February 16, 2015.
(2) Henry Alexander left the company on December 31, 2015.

Michel Counson is also Managing Director but is not part of the Executive Committee, per his own request. Magdalena BARON, Senior Vice President, CFO, left EVS in June 2015. Yvan ABSIL has been appointed as CFO, and effectively started on January 4, 2016.

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.

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). Each region has been coordinated in 2015 by a Head of region. 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 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

The audit of the statutory and consolidated accounts of EVS Broadcast Equipment SA is carried out by BDO (B-00023), represented by Christophe COLSON (A-02033), Belgian Réviseur d'Entreprise. The mandate of the Auditor has been renewed for three years at the Ordinary General Meeting of May 2013), and will end at the Ordinary General Meeting of May 2016.

In 2015, all fees related to the Auditor of the parent company, BDO, Auditors SCC (B-00023) represented by Christophe COLSON and its associates, amounted to EUR 152,366 in aggregate for their duties as Auditor (EUR 52,400) and also for other duties (EUR 99,966).

In accordance with the option offered by Article 133§6 of the Belgian Code of Companies, the Audit Committee, after analyzing and considering that these benefits are not likely to jeopardize the independence of the auditor, confirmed for fiscal year 2015 the authorization given in February 2014 to exceed the limit set by the "one-to-one" rule (i.e. the fees related to non-audit services may not exceed the authorized commissioner fees) by the realization of tax assistance services within the group.

6. SHAREHOLDING (AS OF DECEMBER 31, 2015)

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, 2015 is as follows:

Shareholder	Number of shares	% statutory basic [1]	% statutory diluted [2]
Michel Counson	879,906	6.5%	6.3%
Treasury shares EVS	129,917	1.0%	0.9%
Allianz Global Investor Europe GmbH	889,755	6.5%	6.4%
NN Group NV	470,770	3.5%	3.4%
Undeclared	11,254,652	82.6%	81.0%
Total	**13,625,000**	**100.0%**	
Total excl. Treasury shares	**13,495,083**		
Outstanding warrants as of Dec. 31	266,800		1.9%
Total diluted	13,891,800		100.0%
Total diluted, excl. treasury shares	13,761,883		

[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 20 of the consolidated accounts. On December 31, 2015, EVS had 129,917 own shares. According to Euroclear and the EVS Shareholders Register, there were 924,412 registered shares of which 855,528 are owned by Michel Counson (who also own 24,378 dematerialized shares), 15,104 by EVS, 53,654 by the EVS employees under the profit sharing scheme and the remaining balance by 7 private shareholders. In the EVS accounts at Euroclear, there were 12,700,588 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 2015).

7. GENERAL MEETINGS

Each year, EVS holds its Ordinary General Meeting on the third Tuesday of May. In 2015, it was held at the company's headquarters on May 19. Overall, 152 shareholders were present or represented, representing 5,064,505 shares, or 37.2% of the share capital of EVS. The 7 resolutions were approved at an average rate of 92.8% votes in favor.

For any proposal to amend the articles of associations, the company must invite its shareholders to attend an Extraordinary General Meeting. This assembly can validly cast only if 50% of shares are present or represented. If this is not the case, a second Extraordinary General Meeting shall be convened and will be able to vote, regardless of the percentage of shares present or represented. Decisions will be made to the majorities prescribed by law.

No Extraordinary General Meeting was held in 2015.

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. In the IPO prospectus of October 1998, EVS announced a dividend payout of around 30% of consolidated net profit from operations. The healthy financial structure has allowed EVS to meet and even to exceed its commitment while maintaining its self-financed organic growth. The company initiated in 2006 the payment in November of an interim dividend. Since 2013, the Board of Directors has established a dividend policy which 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:

- A Director mandate cannot exceed 4 years (item 4.6 of 2009 Code): this is the case for all Directors, with an exception of the Managing Director Michel Counson, for whom the mandate is 6 years. The Board believes that this is justified to ensure the sustainability of the company, given its size and its shareholding structure. The mandate of Michel Counson will arrive at its term at the Ordinary General Meeting of May 2016. It will be proposed to renew it for 6 years.
- 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.

REMUNERATION REPORT

1. THE DIRECTORS

1.1. Remuneration policy

Non-executive Directors receive an annual fixed amount, eventually on a pro rata basis. The non-executive Directors also receive, as remuneration for the execution of their mandate, a fixed amount for each Board 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.

For the two years to come, the remuneration policy will be applied coherently with the one followed until now. It will eventually take into account the professionalization of the governance of the company.

1.2. Remuneration in 2015

Since the Ordinary General Meeting of May 2010, the remuneration is fixed as follows:

- Remuneration of the mandate as Director for a fixed annual amount of EUR 4,000.
- EUR 750 (resp. EUR 1,000) per attendance to a Board meeting for each non-executive Director (resp. the non-executive Chairman of the Board)
- EUR 750 (resp. EUR 1,000) per attendance to a committee meeting (Audit, Remuneration or Strategic) for each non-executive Director (resp. the non-executive Chairman of the Board)

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 2015, Directors received the following compensation for the execution of their mandate:

		Fixed amount	Variable amount linked to attended meetings		TOTAL 2015
		Board of Directors	Board of Directors	Special committees	
Non executives					
ACCES DIRECT SA, represented by Pierre RION	Chairman	4,000	7,000	3,500	14,500
Françoise CHOMBAR (1)	Independent Director	1,667	2,250	1,500	5,417
Christian RASKIN	Independent Director	4,000	5,250	5,250	14,500
Freddy TACHENY	Independent Director	4,000	5,250	2,000	11,250
Patrick TILLIEUX (2)	Independent Director	333	750	-	1,083
Yves TROUVEROY	Independent Director	4,000	5,250	4,000	13,250
Executives					
Michel COUNSON	Managing Director	4,000	-	-	4,000
Muriel DE LATHOUWER (3)	Managing Director	-	-	-	-
MucH sprl, represented by Muriel DE LATHOUWER (3)	Managing Director	4,000	-	-	4,000

(1) Until the OGM of May 2015.
(2) Patrick Tillieux was appointed as Director on November 10, 2015 (under the cooptation procedure).
(3) In February 2015, MucH sprl was appointed as Managing Director & CEO, represented by Muriel De Lathouwer. This remuneration is included in the amounts mentioned in 2.2.1.

In addition, InnoConsult bvba (represented by Martin De Prycker), appointed as Board Observer in November 2015, received EUR 1,083 for his participation to the meetings in 2015.

As of December 31, 2015 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, 879,906 shares of a total of 13,625,000, or 6.5% of the capital. Executive Directors do not hold any warrants.

The Board of Directors, its Committees and the Directors, are evaluated on a regular basis. The main characteristics of this evaluation process are described in the corporate governance charter of EVS.

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:

- a fixed remuneration,
- a variable remuneration or bonus according to the criteria mentioned above, and,
- a fixed amount for recurring costs (company car, insurance).

For the CEO, the Ordinary General Meeting of May 19, 2015 approved the deviation from above mentioned stipulation of article 520ter paragraph 2 of the Belgian Code of Companies and not spread the payment of the variable remuneration over time, but to fix this one based on the development of the operational result in that specific year. The variable compensation of the CEO has been approved by the Ordinary General Meeting of May 2015 and is exclusively linked to the achievement by EVS of the yearly EBIT target set by the Board of Directors. The variable incentive scheme of the CEO is capped.

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. It tends to a harmonization of the variable incentive schemes to include EBIT, opex controls and personal objectives. Variable incentive schemes are capped. It takes into account the professionalization of the governance of the Company.

2.1.2. Other elements of the remuneration

Since approximately ten years, every two years during major summer sporting events, 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 only be exercised from the third calendar year following the offering of these options or 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”).

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. The severance pay for certain members of the Executive Committee amounted to EUR 331,804 in 2015. For the other 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 2015

2.2.1. CEO

MucH sprl, permanently represented by Muriel De Lathouwer, was appointed as Managing Director & CEO on February 16, 2015. Between January 1, 2015 and February 15, 2015, MucH sprl received EUR 45,000 for the interim CEO role. As from February 16, 2015, MucH sprl and her permanent representative Muriel De Lathouwer received a total of EUR 269,125 for their executive functions and mandates of Director. MucH sprl also received EUR 23,625 to vcover recurring costs (company car, insurance). In 2015, a variable compensation of EUR 130,000 was also attributed to MucH sprl. MucH sprl also received compensation for her director’s mandate, as mentioned in section 1.2.

2.2.2. Other members of the executive management

For fiscal year 2015, the other members of the executive management were:

- Magdalena BARON, Senior Vice President, CFO, Corporate Services (until June 8, 2015)
- Luc DONEUX, Chief Commercial Officer
- Henry ALEXANDER, Senior Vice President Market and Product (until December 31, 2015)
- Benoît FEVRIER, Chief Technology Officer
- Christine VANDER HEYDEN, Senior Vice President, Human Resources

The other members of the executive management received, in 2015, on a prorata basis of their presence in the executive management: a fixed global compensation of EUR 840,295, a global variable compensation of EUR 537,334 (including sales commission), a contribution for pension of EUR 60,718 (see more details on the plan in note 6.3.1) and other benefits for EUR 430,009 (including severance pay of EUR 331,804, medical insurance and company cars).

Stock options are awarded to the other members of the executive management after the Board of Directors’ approval upon the recommendation of the Remuneration Committee. The number of remaining warrants for the other members of the executive management at the end of December 2015 amounts to 33,250, granted between 2008 and 2014 at an average exercise price of EUR 38.65.

3. CONFLICT OF INTEREST PROCEDURES

On February 9, 2015, during the meeting of the Board of Directors, the procedure provided for Article 523 was applied and Muriel De Lathouwer didn’t attend the discussion related to the contract of the new CEO (MucH sprl, represented by Muriel De Lathouwer).

During the year under review, there was no other 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, April 11, 2016

CERTIFICATION OF RESPONSIBLE PERSONS

Muriel De Lathouwer, Managing Director and CEO
Michel Counson, Managing Director
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)	Note	2015 audited	2014 audited
Revenue	3	118,511	131,403
Costs of sales		-34,261	-33,557
Gross margin		**84,250**	**97,846**
Gross margin %		**71.1%**	**74.5%**
Selling and administrative expenses		-26,607	-25,126
Research and development expenses	13	-24,525	-25,214
Other revenue		285	138
Other expenses		-222	-193
Stock based compensation and ESOP plan	6.3	-527	-1,000
Amortization and impairment on goodwill, acquired technology and IP	11	-	-364
EBIT before repositioning costs		**32,653**	**46,087**
EBIT % before repositioning costs		**27.6%**	**35.1%**
Interest revenue on loans and deposits	6.1	68	196
Interest charges	6.1	-491	-331
Other net financial incomes/(charges)	6.1	1,132	1,128
dcinex disposal	5	-	1,977
Share in the result of the enterprise accounted for using the equity method	5	-107	-122
Profit before taxes (PBT)		**33,468**	**48,933**
Income taxes	7	-9,754	-14,675
Net profit from continuing operations		23,714	34,259
Net profit		23,714	34,259
Attributable to:			
Non controlling interests	10.2	-	-1,279
Equity holders of the parent company		**23,714**	**35,537**
Net profit from operations, excl. dcinex - share of the group (1)	**6.2**	**24,241**	**35,173**

EARNINGS PER SHARE *(in number of shares and in EUR)*	**8**	**2015 audited**	**2014 audited**
Weighted average number of subscribed shares for the period less treasury shares		13,490,812	13,513,053
Weighted average fully diluted number of shares (2)		13,850,459	13,894,568
Basic earnings - share of the group		1,76	2.63
Fully diluted earnings - share of the group (2)		1,71	2.56
Basic net profit from operations, excl. dcinex - share of the group		1,80	2.60

STATEMENT OF COMPREHENSIVE INCOME

(EUR thousands)		2015 audited	2014 audited
Net profit		**23,714**	**34,259**
Other comprehensive income of the period			
Currency translation differences		446	431
Other increase (+)/decrease (-)		-221	-36
Total comprehensive income of the period		**23,939**	**34,654**
Attributable to:			
Minority interests	10.2	-	-1,279
Equity holders of the parent company		**23,939**	**35,932**

(1) The net profit from operations, excl. dcinex, is the net profit (share of the group) excluding non-operating items (net of tax) and the dcinex contribution. Please also refer to note 6.2 on use of non-GAAP financial measures.
(2) Excluding 266,800 warrants that were out of money at the end of December 2015, fully diluted earnings per share in 2015 would have been EUR 1.76.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

ASSETS **(EUR thousands)**	**Note**	**Dec. 31, 2015** **audited**	**Dec. 31, 2014** **audited**
Non-current assets :			
Goodwill	10	1,125	1,125
Other intangible assets	11	404	415
Lands and buildings	12	48,054	46,088
Other tangible assets	12	3,586	1,835
Investment accounted for using equity method	5	920	836
Bonds (Ymagis)	5	-	6,361
Subordinated loans	14	-	151
Other financial assets	14	273	260
Total non-current assets		**54,362**	**57,071**
Current assets :			
Inventories	15	15,568	15,365
Trade receivables	16	36,254	28,210
Other amounts receivable, deferred charges and accrued income		3,620	5,486
Other financial assets		1,118	1,575
Cash and cash equivalents	18	22,572	25,556
Total current assets		**79,131**	**76,191**
Assets classified held for sale	**19**	**5,051**	**6,445**
Total assets		**138,544**	**139,707**

EQUITY AND LIABILITIES **(EUR thousands)**	**Note**	**Dec. 31, 2015** **audited**	**Dec. 31, 2014** **audited**
Equity :			
Capital	**20**	**8,342**	**8,342**
Reserves	20.6	80,699	83,650
Interim dividends	9, 20.6	-6,747	-13,485
Treasury shares	20.6	-4,960	-5,364
Total consolidated reserves		**68,993**	**64,801**
Translation differences	20.7	816	371
Equity attributable to equity holders of the parent company		**78,152**	**73,514**
Non-controlling interest		**6**	**6**
Total equity		**78,157**	**73,520**
Long term provisions	22	1,132	1,077
Deferred taxes liabilities	7.3	1,678	1,627
Financial long term debts	21	19,600	24,800
Other long term debts		1,160	2,151
Non-current liabilities		**23,570**	**29,655**
Short term portion of financial long term debts	21	5,200	7,107
Trade payables	23	4,987	5,225
Amounts payable regarding remuneration and social security		9,879	9,932
Income tax payable		7,658	8,195
Other amounts payable, advances received, accrued charges	23	9,094	6,075
Current liabilities		**36,817**	**36 ,533**
Total equity and liabilities		**138,544**	**139,707**

CONSOLIDATED STATEMENT OF CASH FLOW

(EUR thousands)	Note	2015 Audited	2014 Audited
Cash flows from operating activities			
Operating Profit (EBIT)		32,653	46,087
Adjustment for non-cash items :			
- Depreciation and write-offs on fixed assets		2,902	2,599
- Stock based compensation and ESOP		527	1,000
- Provisions and deferred taxes increase (+)/ decrease (-)		106	406
		36,188	**50,092**
Increase (+)/decrease (-) of cash flows			
- Amounts receivable	16	-8,044	1,325
- Inventories	15.1	-203	828
- Trade debts	23	-238	-221
- Remuneration, social security and taxes debts		-590	4,240
- Other items of the working capital		5,497	-1,472
Cash generated from operations		*32,610*	*54,791*
Interest received	6.1	68	196
Income taxes	7	-9,754	-14,675
Net cash from operating activities		**22,923**	**40,313**
Cash flows from investing activities			
Purchase (-)/disposal (+) of intangible assets		-184	-245
Purchase (-)/disposal (+) of property, plant and equipment		-5,030	-22,445
Purchase (-)/disposal (+) of other financial assets	14	6,499	-4,797
Net cash used in investing activities		**1,285**	**-17,893**
Cash flows from financing activities			
Operations with treasury shares	20	404	-335
Other net equity variations		225	-61
Interest paid		-491	-331
Movements on borrowings	21	-7,098	21,834
Interim dividend paid	9	-6,747	-13,485
Final dividend paid	9	-13,485	-13,625
SVS cash impact	10.2	-	-1,000
Net cash used in financing activities		**-27,192**	**-7,003**
Net increase (+)/ decrease (-) in cash and cash equivalents		**-2,984**	**15,417**
Cash and cash equivalents at beginning of period		**25,556**	**10,139**
Cash and cash equivalents at end of period		**22,572**	**25,556**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR thousands)	Issued capital	Other reserves	Treasury shares	Currency translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
Balance as per December 31, 2013	**8,342**	**64,745**	**-5,029**	**-60**	**67,998**	**469**	**68,466**
Total comprehensive income for the period		35,501		431	35,932	-1,279	34,653
Business combination		-3,971			-3,971	816	-3,155
Share-based payments		1,000			1,000		1,000
Operations with treasury shares			-335		-335		-335
Final dividend		-13,625			-13,625		-13,625
Interim dividend		-13,485			-13,485		-13,485
Balance as per December 31, 2014	**8,342**	**70,165**	**-5,364**	**371**	**73,514**	**6**	**73,520**

(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 per December 31, 2014	**8,342**	**70,165**	**-5,364**	**371**	**73,514**	**6**	**73,520**
Total comprehensive income for the period		23,493		446	23,939		23,939
Business combination							-
Share-based payments		527			527		527
Operations with treasury shares			-404		404		404
Final dividend		-13,485			-13,485		-13,485
Interim dividend		-6,747			-6,747		-6,747
Balance as per December 31, 2015	**8,342**	**73,953**	**-4,960**	**817**	**78,151**	**6**	**78,157**

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, 2015 were established by the Board of Directors of April 11, 2016. 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 17, 2016.

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. Provision adopted during the transition to IFRS in 2005

The company used the possibility offered by IFRS 1 which consists of:

- not applying IFRS 2 for transactions settled in equity instruments allocated before 7 November 2002 and not tested before this transition date;
- not applying IFRS 3 to business combinations that occurred before the transition date.

2.4. New norms, interpretations and amendments

During the current financial year, the group has adopted 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, 2015. The group has not applied any new IFRS requirements that are not yet effective as per December 31, 2015. The following new Standards, Interpretations and Amendments issued by the IASB and the IFRIC are effective for the current annual period: annual improvements – 2011-2013 cycle (issued by IASB in December 2013) and IFRIC 21. The adoption of these new standards and amendments has not led to major changes in the group's accounting policies.

The group elected not to early adopt the following new Standards, Interpretations and Amendments, which have been issued but are not yet effective as per December 31, 2015: annual Improvements to IFRSs 2010-2012 Cycle (issued by the IASB in December 2013), annual Improvements to IFRSs 2012-2014 Cycle (issued by the IASB in September 2014), amendments (IFRS 11, IAS 1, IAS 16, IAS 19, IAS 27, IAS 38). None of the other new standards, interpretations and amendments, which are effective for annual periods beginning after 1st of January 2016 and which have not been adopted early, are expected to have a material effect on the group's future financial statements.

2.5. Summary of changes in accounting policies

The accounting rules and methods used are similar to those used during the previous fiscal year.

2.6. 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.

2.7. 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.

2.8. 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.
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.

2.9. Summary of significant decisions and estimates

2.9.1. 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. The group has also considered that the costs incurred consisted of a routine process that does not generate any major innovation but scalable technologies. 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.

2.9.2. 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.

2.10. 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.

2.10.1. 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.

2.10.2. 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.

2.10.3. Exchange rates used

USD / EUR exchange rate	**2015 average**	**At December 31**
2015	1.1095	1.0887
2014	1.3280	1.2141
Variation	*+19.7%*	*+11.5%*

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. Business combinations

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.

2.13. Goodwill

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.

2.14. 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.

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.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred to accumulated profits.

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.

2.15. 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.

2.16. 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.

2.17. 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. 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.

2.18. 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.

2.19. Other current and non-current assets

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

2.20. 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.

2.21. 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.

2.22. 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.

2.23. 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.

2.24. 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.

2.25. Pensions and other post-employment benefits

The post-employment benefits include pensions.
The group operates one defined contribution pension scheme. The minimum legal contribution is partially warranted by the insurance company. The contributions to this defined contribution pension scheme are recognized as an expense in the income statement at the time when they are made.
No other post-employment benefit is provided to the personnel.

2.26. 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).

2.26.1. 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 bonus.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of "fully diluted" earnings per share.
The group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7 November 2002.

2.26.2. Cash-settled transactions

The cost of cash-settled transactions with employees is initially measured by reference to the fair value at the date at which they are granted, and subsequently revalued at the fair value at each closing date.
The cost of cash-settled transactions is recognized, together with a corresponding increase in debt, over the year in which the performance conditions are fulfilled, ending on the average date on which the relevant employees become fully entitled to the award ("Vesting date").

2.27. 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.

2.28. Leases (EVS as lessor)

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

2.28.1. Finance leases

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.

2.28.2. Operating leases

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.

2.29. Government grants

2.29.1. 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.

2.29.2. 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.

2.30. Leases (EVS as lessee)

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

2.30.1. 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.

2.30.2. 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.

2.31. Research and development costs

As the group is unable to make a distinction between the research phase and the development phase of an internal project, all the costs are consequently considered to have been incurred only during the research phase. The group also considers that the costs incurred after the commercial launch consist of a routine process that does not generate a major innovation but evolving technologies.
Generally speaking, we should note that the period between the end of the research phase of a project and its commercial launch is less than one year.
Consequently, the research and development costs are recognized as expenses when incurred.

2.32. 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.

2.33. 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.

2.33.1. 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.

2.33.2. 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.

2.34. Derivative financial instruments

EVS uses derivative financial instruments such as forward exchange rate contracts to hedge its risks of foreign currency fluctuations on its foreign currency transactions. 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.

2.35. 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.

2.36. 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.

2.37. 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 already 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. EVS operates as one segment.

By consequence, the company is composed of one segment according to the IFRS 8 definition, and the consolidated income statement of the group reflects this unique segment. 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)	2015	2014	% 2015/2014
Outside broadcast vans	63,717	68,651	-7.2%
Studio & others	52,853	48,406	+9.2%
Big sporting event rentals	1,941	14,345	-86.5%
Total	**118,511**	**131,403**	**-9.8%**

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
2015 revenue	25,583	49,812	41,174	1,941	118,511
Evolution versus FY14 (%)	+19.9%	-20.7%	+25.1%	-86.5%	-9.8%
Variation versus FY14 (%) at constant currency	+19.9%	-20.7%	+4.5%	-87.3%	-15.1%
2014 revenue	21,338	62,803	32,917	14,345	131,403

Sales realized in Belgium (the country of origin of the company) with external clients represent less than 5% of the total sales in the period. In the last 12 months, the group realized significant sales to external clients (according to the definition of IFRS 8) in two countries: the US (Americas, EUR 35.9 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)	2015	2014	% 2015/2014
Systems	109,674	122,428	-10.4%
Services	8,837	8,975	-1.5%
Total Revenue	**118,511**	**131,403**	**-9.8%**

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

3.2.4. Information on important clients
No external client of the company represents more than 10% of the sales over the last 12 months.

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

4.1. Companies list

NAME AND ADDRESS	Year of foundation or acquisition	Staff as of 31.12.15	Incorporation method used (1)	Part of capital held as of 31.12.14 (in %) (2)	Part of capital held as of 31.12.15 (in %) (2)	Change in % of capital held
EVS Broadcast Equipment Inc. 9 Law Drive, suite 200, NJ 070046 Fairfield, USA	1997	23	F	100.00	100.00	0.00
EVS Broadcast México, SA de C.V. World Trade Center, Cd. De México, Montecito N° 38, Piso 23, Oficina 38, Col. Nápoles, Delegación Benito Juárez, D.F. 03810 México, MEXICO RFC: EBM 1106152TA	2011	2	F	100.00	100.00	0.00
EVS France SA Avenue André Morizet, 6bis F-92100 Boulogne-Billancourt, FRANCE VAT: FR-21419961503	1998	7	F	100.00	100.00	0.00
EVS France Développement SARL Avenue André Morizet, 6bis F-92100 Boulogne-Billancourt, FRANCE VAT: FR-53514021476	2009	5	F	100.00	100.00	0.00
EVS Toulouse SAS 6, rue Brindejonc des Moulinais, Bât. A, F-31500 Toulouse Cedex 5, FRANCE VAT: FR-83449601749	2010	26	F	100.00	100.00	0.00
EVS Italia S.R.L. Via Milano 2, IT-25126 Brescia, ITALY VAT: IT-03482350174	1999	3	F	95.00	95.00	0.00
EVS Broadcast UK Ltd. Ashcombe House, The Crescent 5, Leatherhead, Surrey KT22 8DY, ROYAUME-UNI VAT: UK-853278896	1999	12	F	100.00	100.00	0.00
EVS Broadcast Equipment Iberica SL Avda de Europa 12-2C, Edificio Monaco, Parque Empresarial la Moraleja 28109 Alcobendas, Madrid, SPAIN VAT: B85200236	2007	4	F	100.00	100.00	0.00
EVS Nederland BV Solebaystraat 97 HS 1055 ZP Amsterdam THE NETEHERLANDS	2008	4	F	100.00	100.00	0.00
EVS Deutschland GmbH Feringastrasse 10/12 85774 Unterföhring (Munich), GERMANY VAT: DE-266077264	2009	6	F	100.00	100.00	0.00
EVS International (Swiss) SARL Rue des Arsenaux 9, 1700 Friburg, SWITZERLAND VAT: CH-21735425482	2009	1	F	100.00	100.00	0.00
EVS Broadcast Equipment Ltd. Room A, @Convoy, 169 Electric Road, North Point, HONG-KONG	2002	16	F	100.00	100.00	0.00

EVS Broadcast Equipment Singapore PTE. Ltd. Level 8-9, The Metropolis Tower 2 11 North Buona Vista Drive 138589 SINGAPORE	2015	0	F	0.00	100.00	100.00
EVS Australia Pty Ltd. Level 8, 261 George Street Sydney NSW 2000, AUSTRALIA	2007	2	F	100.00	100.00	0.00
DYVI Live SA Avenue Charles Quint/Keizer Karellaan, 576 1082 Brussels, BELGIUM National registered number: BE0573 225 986	2013	2	F	100.00	100.00	0.00
Scalable Video Systems GmbH Mina-Rees Stra. 8, 64295 Darmstadt, GERMANY VAT: DE-289 460 223	2013	15	F	100.00	100.00	0.00
EVS Pékin - Representative office 2805 Building One, Wanda Plaza, N°93 Jianguo Road, 100026 Beijing, CHINA	2005	6	F	N/A	N/A	N/A
EVS Broadcast Equipment Middle East Ltd - Representative office Shatha Tower, Office 09, 32nd Floor, Dubai Media City, Dubai, UNITED ARAB EMIRATED	2006	4	F	N/A	N/A	N/A
EVS Americas Los Angeles – Representative office 101 South First Street, Suite #404 Burbank, CA 91504, USA	2006	5	F	N/A	N/A	N/A
MECALEC SMD SA Rue Nicolas Fossoul 54, B-4100 Seraing, BELGIUM National registered number: BE0467 121 712	1999	26	E	49.50	49.50	0.00
EVS Canada Company in liquidation process	2008	0	F	100.00	100.00	0.00
Network and Broadcast Systems Limited (NBS) Company in liquidation process	2010	0	F	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.

4.2. Business combination

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. Notwithstanding that EVS only held 25.1% of the shares outstanding, the Group considered to have the control of SVS because it had the power on the business decisions and it controlled totally the outflow of the company.

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;
- the remaining 5% it didn’t own in DYVI Live SA for a global amount of EUR 0.1 million.

At December 31, 2015, the goodwill amounted to EUR 1.1 million and has not changed after the acquisition of the remaining shares in December 2014 due to the fact EVS has already the global effective control with the first acquisition of the minority share in 2013. The goodwill has been subject to an impairment test on December 31, 2015. The result is that no impairment charge recognition was deemed necessary.

On the EVS balance sheet as of December 31, 2014, an amount of EUR 2.2 million has 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 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, 2015, an amount of EUR 1.0 million has been transferred in the “Other amounts payable” account to take into account the short term portion of the earn out but there are no changes in the total estimated faire value.

The best estimate of the future "earnout" 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 corresponds 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 8.93% (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.

5. INVESTMENT IN JOINT-VENTURES AND ASSOCIATES

(EUR thousands)	2015	2014
Investment in associates		
Opening balance as at January 1	**836**	**8,480**
- Disposals during the year	-	-7,745
- Acquisitions during the year	-	-
- Results	107	-122
- Others	-23	223
Closing balance as at December 31	**920**	**836**

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. In 2015, the net profit of MECALEC SMD amounted to EUR 216.5 thousand compared to the net profit of EUR 255 thousand in 2014. EVS represented 14% of MECALEC SMD's turnover in 2015.

The share of EVS in the 2015 results of MECALEC SMD amounts to EUR 107 thousand and the share of EVS in MECALEC SMD equity amounts to EUR 920 thousand.

(EUR thousands)	Dec. 31, 2015	Dec. 31, 2014
Share of associate's balance sheet (49.5%)		
Current assets	1.091	980
Non-current assets	43	64
Current liabilities	-214	-208
Non-current liabilities	-	-
Net assets	**920**	**836**
Share of associate's revenue and net result (49.5%)		
Revenue	1,217	1,331
Net result	107	126
Carrying amount of investment	**920**	**836**

5.1.2. dcinex SA

Created in 2004, notably through the spin-out of "Digital Cinema" activities from EVS, dcinex SA (formerly XDC SA) has been a pioneer in the development of digital solutions for the cinema. dcinex offers services with a high added value to the film industry and to directors.

In 2014, EVS has sold its 41.3% stake in dcinex to Ymagis SA. Until the closing of the transaction, on October 20, 2014, dcinex was accounted using equity method in EVS consolidated accounts with a negative contribution of EUR -0.2 million.

The dcinex accounts and their contribution to consolidated EVS accounts is as follows:

(EUR thousands)	2015	2014 (up to October 20, 2014)
Turnover	-	65,856
EBITDA	-	25,599
Net result over the period	**-**	**-601**
Part of capital held in dcinex	-	41.3%
Net result – part of EVS	**-**	**-248**

On October 20, 2014, the value of dcinex in the EVS consolidated accounts was EUR 7.3 million. In addition to this, there were also EUR 1.3 million subordinated loans on the EVS balance sheet.

According to the agreement, the transaction has been valued in the EVS accounts at a total of EUR 9.9 million, including:
- EUR 1.6 million in cash (EUR 2.1 million less EUR 0.5 million for all fees and costs associated with the transaction)
- EUR 2.0 million in Ymagis shares (288,851 shares, sold on November 28, 2014 at EUR 6.89 per share)
- EUR 6.4 million in Ymagis bonds (OBSA), which have a maximum maturity of 5 years. These bonds are associated with warrants.

At the closing of the transaction, EVS reversed adjustments relating to dcinex that were booked directly in the equity of EVS (as required by IFRS) over the last few years until the disposal date for an amount of EUR 0.6 million. This resulted in a net capital gain of EUR 2.0 million in the EVS consolidated income statement.

At the end of March 2015, Ymagis repaid anticipatively to EVS (without any impact on the income statement in 2015):
- the EUR 6.4 million obligations associated with warrants.
- the remaining EUR 151,000 subordinated loans to be repaid by dcinex.

These two repayments finalized the dcinex disposal transaction in the EVS accounts.

Therefore, since April 2015, the enterprises accounted for using the equity method only include Mecalec SMD SA.

6. INCOME AND EXPENSES

6.1. Financial revenues/(costs)

(EUR thousands)	2015	2014
Interest charges	-491	-331
Interest income on deposit	68	196
Exchange result	1,032	1,019
Other financial results	99	2,085
Other operating income/(expenses)	**708**	**2,969**

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 27 and 28.

6.2. Use of non-GAAP financial measures

EVS uses certain non-GAAP measures in its financial communication. EVS does not represent these measures as alternative measures to net profit or other financial measures determined in accordance with IFRS. These measures as reported by EVS might differ from similar titled measures used by other companies. We believe that these measures are important indicators of our business and are widely used by investors, analysts and other parties. In the annual report, the non-GAAP measures are reconciled with financial measures determined in accordance with IFRS.

The link between the net result of the fiscal period and the current net result excluding dcinex appears as follows:

(EUR thousands)	2015	2014
Net profit for the period (attributable to the group) – IFRS	23,714	35,537
Allocation to Employees Profit Sharing Plan	378	466
Stock Option Plan	150	534
Amortization and impairment on acquired technology and IP	-	364
Impairment on Tax Shelter rights assets	-	-
Contribution of dcinex	-	248
dcinex disposal	-	-1.977
Net profit from operations, excl. dcinex	**24,241**	**35,173**

6.3. Complementary information about operating charges by nature

(EUR thousands)	2015		2014	
Raw materials and consumables used		-16,963		-17,912
Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress		-830		814
Personnel expenses		-38,915		-36,973
- Remunerations and salaries	-28,707		-26,305	
- Social security costs	-7,241		-6,733	
- ESOP expenses	-527		-1,000	
- Pension defined contributions plan	-1,004		-1,021	
- Other personnel expenses	-1,436		-1,914	
Average number of employees in FTE	489		503	
Depreciations		-2,902		-2,599
- of which the ones included in the costs of sales	-789		-515	
Increase (-)/decrease (+) in amounts written off		-927		-3,163
- Increase (-)/decrease (+) in amounts written off on stocks	-1,644		-2,604	
- Increase (-)/decrease (+) in amounts written off on trade debtors	717		-559	
Operating lease and sublease payments recognized in the income statement (vehicles)		-2,291		-2,088

6.3.1. Complementary information about pension defined contribution plans

Defined contribution plans are those for which the company pays fixed contributions into a separate entity with the provisions of the plan. Once these contributions have been paid, the company has no further obligation.

Since April 1, 2002, EVS has put in place a pension plan (defined contribution plan) under the pension plan rules defined for employees from the metal manufacturing industry (“Commission Paritaire 209”). It means the payment of an annual contribution equal to a percentage of the gross salary (subject to Social Security contributions) for each employee. This contribution is paid by the employer. The contribution rate is set by the rules in this sector. They were as follows:

In %	**Contribution rate**
2007	1.00%
2008 to 2010	1.10%
2011	1.77%
2012	1.87%
2013 to 2015	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 3.5% of gross annual salary.

The contributions related to these defined contribution plans, and recorded in personnel expense, amounted to EUR 1.0 million in 2015 as well as in 2014. To date no payment of benefits has occurred, since no employee of EVS is retired.

It should be noted that until December 31, 2015, the prevailing law enforced a return of 3.25% on the payments done by the employer. If the return made by the insurance companies falls below the minimum return required by law, EVS should support the underfunding. On December 31, 2015, this risk has been assessed as non-significant for EVS because the pension fund insurances AG Insurance ensures a rate of minimum 3.25% until 2016 and “Integrale” guarantees a rate of 3.75% to its beneficiaries. A Leveling fund has been created by the Joint Committee to potentially mitigate the risk of underfunding.

It should also be noted that the minimum return required by law was subject to a recent change, through the Law of December 18, 2015 "to ensure the sustainability and the social nature of supplementary pensions and to strengthen the complementarity with pensions". The guaranteed return rate will now be based on the actual performance of government bonds. Premiums paid from January 1, 2016 are subject to new rates set at 1.75%. This legislative change further reduces the risk of potential under-funding to cover by EVS.

7. INCOME TAXES

7.1. Tax charge on results

The tax charge for 2014 and 2015 is mainly made of:

(EUR thousands)	**2015**	**2014**
Current tax charge		
Effective tax charge	-9,713	-14,635
Adjustments of current tax related to prior years	-	-
Deferred taxes		
Tax effects of temporary differences	-41	-40
- Adjustments for fixed assets depreciation method	-23	-56
- Adjustment due to the activation of borrowing costs for the new building	-29	-99
- Direct and indirect production costs capitalized in inventories	93	115
Income taxes included in the income statement	**-9,754**	**-14,675**

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 2014 and 2015 with the theoretical tax charge obtained by applying the theoretical tax rate:

(EUR thousands)	2015	2014
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	33,361	49,055
Effective tax charge based on the effective tax rate	-9,754	-14,675
Effective tax rate	**29,2%**	**29.9%**
Reconciliation items for the theoretical tax charge		
Tax effect of tax-exempt income on dcinex disposal	-	-672
Tax effect due to the carry-over taxation for gains on buildings disposals in the statutory accounts	-215	-
Tax effect of deduction for notional interest	-229	-170
Tax effect of non-deductible expenditures	306	343
Other increase/(decrease)	-316	163
Total tax charge of the group entities computed on the basis of the respective local nominal rates	-10,208	-15,011
Theoretical tax rate (relating to EVS operations, excl. dcinex)	**30.6%**	**30.6%**

7.3. Deferred taxes on the balance sheet

The sources of deferred taxes are as follows:

(EUR thousands)	December 31, 2015		December 31, 2014	
	Assets	Liabilities	Assets	Liabilities
Indirect production costs capitalized in inventories	-	244	-	195
Buildings revaluation	-	1,184	-	1,162
Activation of the costs relating to the construction of the new headquarter	-	131	-	101
Provisions for risks and charges	-	119	-	169
Total	**-**	**1,678**	**-**	**1,627**
Net booked value	**-**	**1,678**	**-**	**1,627**

Deferred taxes are booked “net” in accordance with the valuation rules of the group.

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)	2015	2014
Net profit	23,714	34,259
- attributable to non-controlling interests	-	-1,279
- attributable to equity holders of the parent company	**23,714**	**35,537**

	2015	2014
Weighted average number of subscribed shares, excluding treasury shares	13,490,812	13,513,053
Dilution effect of the weighted average number of the share options in circulation	359,647	381,515
Weighted average number of fully diluted number of shares	**13,850,459**	**13,894,568**
Basic earnings per share (EUR)	**1.76**	**2.63**
Diluted earnings per share (EUR)	**1.71**	**2.56**

The number of treasury shares held as at December 31, 2015 amounted to 129,917 compared to 140,498 as at December 31, 2014. The weighted average number of treasury shares held in 2015 amounted to 134,188 against 111,947 in 2014.

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	2015	2014
Paid during the year :				
- Final dividend for 2013 (EUR 1.00 per share excl. treasury shares)	18	May 2014	-	13,547
- Interim dividend for 2014 (EUR 1.00 per share excl. treasury shares)	19	Nov. 2014	-	13,485
- Final dividend for 2014 (EUR 1.00 per share excl. treasury shares)	20	May 2015	13,495	-
- Interim dividend for 2015 (EUR 0.50 per share excl. treasury shares)	21	Nov. 2015	6,747	-
Total paid dividends			**20,242**	**27,032**

(EUR thousands)	2015	2014
Proposed for approval at the OGM :		
- Total dividend for 2014 (EUR 2.00 per share incl. interim dividend)	-	26,980
- Proposed dividend for 2015 (EUR 1.00 per share incl. interim dividend)	13,500	-
Total	**13,500**	**26,980**

10. GOODWILL

(EUR thousands)	TOTAL
Acquisition cost	
As of December 31, 2014	**1,945**
- Acquisitions	-
- Sales and disposals	-
As of December 31, 2015	**1,945**
Accumulated impairment	
As of December 31, 2014	**820**
- Impairment	-
- Sales and disposals	-
As of December 31, 2015	**820**
Net carrying amount	
As of December 31, 2014	**1,125**
As of December 31, 2015	**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 (UGT) is calculated from the present value of the cash flows included in the business plan of SVS, in accordance with IAS 36.

10.1. DYVI Live / 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. The principal reason for this investment is to give EVS access to this promising technology. Later in 2013, EVS set up DYVI Live SA (95% owned by EVS), acting as exclusive distributor for the SVS products.

Global integration of SVS: notwithstanding that EVS only hold 25.1% of the shares outstanding as at December 31, 2013, the Group already considered to have the control of SVS because it had the power on the business decisions and it controlled totally the outflow of the company through the exclusive distribution agreement between a new fully owned subsidiary (DYVI LIVE) and SVS. Moreover, EVS financed the future expenses occurring for the SVS development. Consequently, SVS was fully consolidated as at December 31, 2013 and non-controlling interests were accounted for (74.9%).

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill were as follows (at the date of the acquisition of 25.1%):

(EUR thousands)	Fair value
Intangible assets	185
Cash	800
Receivables	700
Payables	-185
Total net assets	*** 1,500**
EVS share	25.1%
Total net assets attributable to EVS	**375**
Fair value of consideration paid	
Cash	-1,500
Total consideration	**-1,500**
Goodwill	**1,125**

* including the amount that EVS committed to convert in equity during the next years.

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
- the remaining 5% it didn't own in DYVI Live SA for a global amount of EUR 0.1 million.

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, 2015. The goodwill is evaluated on the basis of the evolution of the business plan relating to the revenues generated by the products developed by SVS, and, as a consequence, is linked with the annual evolution of the debt /earnout (details of the valuation model are presented in note 4.2 relating to business combination). A reasonable change of the discount rate used wouldn't generate any write-off to be recognized.

11. INTANGIBLE ASSETS

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2013	**2,581**	**2,087**	**4,668**
- Acquisitions	-	206	206
- Sales and disposals	-	-34	-34
- Transfers	-	-	-
- Variation in consolidation scope	-	82	82
As of December 31, 2014	**2,581**	**2,341**	**4,922**
Accumulated depreciation			
As of December 31, 2013	**-2,486**	**-1,457**	**-3,943**
- Depreciations	-95	-421	-516
- Sales and disposals	-	34	34
- Transfers	-	-	-
- Variation in consolidation scope	-	-82	-82
As of December 31, 2014	**-2,581**	**-1,926**	**-4,507**
Net carrying amount			
As of December 31, 2013	**96**	**630**	**726**
As of December 31, 2014	**-**	**415**	**415**

(EUR thousands)	Technology (DWESAB and OpenCube)	Software licenses	TOTAL
Acquisition cost			
As of December 31, 2014	**2,581**	**2,341**	**4,922**
- Acquisitions	-	118	118
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2015	**2,581**	**2,459**	**5,040**
Accumulated depreciation			
As of December 31, 2014	**-2,581**	**-1,926**	**-4,507**
- Depreciations	-	-128	-128
- Sales and disposals	-	-	-
- Transfers	-	-	-
- Variation in consolidation scope	-	-	-
As of December 31, 2015	**-2,581**	**-2,054**	**-4,635**
Net carrying amount			
As of December 31, 2014	**-**	**415**	**415**
As of December 31, 2015	**-**	**404**	**404**

11.1. Intellectual property

Certain products developed and marketed by EVS Group, as well as technology used, are covered by patents or licenses. In the future, the company will not hesitate to intensify its patent policy. However, EVS remains convinced that the best protection lies in the continuous technological progress of its equipment. The speed of development in technology and product ranges in the fields in which EVS operates makes any attempt at copying or imitating a fruitless operation. In addition, EVS did register a patent within the European Community or other countries outside Europe for some key brand names.

12. TANGIBLE ASSETS

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2013	**15,541**	**1,772**	**8,538**	**24,078**	**49,929**
- Acquisitions	138	301	665	21,414	22,518
- Sales and disposals	-	-42	-66	-	-108
- Variation in consolidation scope	6	2	58	-	66
- Transfers	-14,589	-	-31	-	-14,620
- Others	27	3	354	-	384
As of December 31, 2014	**1,123**	**2,037**	**9,518**	**45,492**	**58,169**
Accumulated depreciation					
As of December 31, 2013	**-7,764**	**-1,375**	**-7,093**	**-**	**-16,232**
- Depreciations	-896	-173	-831	-	-1,899
- Sales and disposals	-	42	43	-	85
- Variation in consolidation scope	-6	-2	-58	-	-66
- Transfers	8,155	-	20	-	8,175
- Other	-16	-1	-292	-	-309
As of December 31, 2014	**-526**	**-1,509**	**-8,211**	**-**	**-10,246**
Net carrying amount					
As of December 31, 2013	**7,777**	**397**	**1,445**	**24,078**	**33,697**
As of December 31, 2014	**597**	**528**	**1,307**	**45,492**	**47,923**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**-**	**-**	**-**	**45,492**	**45,492**

(EUR thousands)	Land and buildings	Plant, machinery and equipment	Other tangible assets	Assets under construction	TOTAL
Acquisition cost					
As of December 31, 2014	**1,123**	**2,037**	**9,518**	**45,492**	**58,169**
- Acquisitions	3,833	355	1,423	496	6,107
- Sales and disposals	-305	-	-367	-	-672
- Variation in consolidation scope	-	-	-	-	-
- Transfers	44,470	-	1,022	-45,492	-
- Others	17	-11	346	-	352
As of December 31, 2015	**49,138**	**2,381**	**11,942**	**496**	**63,957**
Accumulated depreciation					
As of December 31, 2014	**-526**	**-1,509**	**-8,211**	**-**	**-10,246**
- Depreciations	-1,194	-267	-1,353	-	-2,814
- Sales and disposals	137	-	242	-	379
- Variation in consolidation scope	-	-	-	-	-
- Transfers	-	-	-	-	-
- Other	-3	3	358	-	364
As of December 31, 2015	**-1,580**	**-1,773**	**-8,964**	**-**	**-12.317**
Net carrying amount					
As of December 31, 2014	**597**	**528**	**1,307**	**45,492**	**47,923**
As of December 31, 2015	**47,558**	**608**	**2,978**	**496**	**51,640**
Mortgages and other guarantees					
Net carrying amount of fixed assets given as real guarantees	**47,186**	**-**	**-**	**496**	**47,682**

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 2015 for an amount of EUR 56,1 million in total (excluding subsidies), an amount of EUR 5,3 million in 2015.

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 38% of the gross value excluding subsidies.

Given the planned sale of most of the current buildings, valued at EUR 5.1 million at end of 2015 (recoverable share) an accelerated depreciation has been recorded on the works done on existing buildings since 2010, so that they are fully depreciated at the end of 2014. These buildings have been reclassified as "Assets classified as held for sale" (also see note 19).

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 21).

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses amounted to EUR 24.5 million in 2015 versus EUR 25.2 million in 2014. 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. According to the group's valuation rules, these research costs are not capitalized but recognized as expenses when incurred.

Since 4Q10, 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.

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

(EUR thousands)	**2015**	**2014**
Gross R&D expenses	25,952	26,659
R&D tax credits for current fiscal year	-1,427	-1,445
R&D expenses, net	**24,525**	**25,214**

14. LONG TERM FINANCIAL ASSETS

(EUR thousands)	**Ymagis bonds**	**Subordinated loans**	**Other financial assets**	**TOTAL**
Net carrying amount as of Dec. 31, 2013	**-**	**1,330**	**252**	**1,582**
- Refunded/converted during the year	-	-1,179	-	-1,179
- Acquired during the year	6,361	-	8	6,369
- Result	-	-	-	-
- Others	-	-	-	-
Net carrying amount on Dec. 31, 2014	**6,361**	**151**	**260**	**6,772**
Net carrying amount as of Dec. 31, 2014	**6,361**	**151**	**260**	**6,772**
- Refunded/converted during the year	-6,361	-151	-	-6,512
- Acquired during the year	-	-	12	12
- Result	-	-	-	-
- Others	-	-	-	-
Net carrying amount on Dec. 31, 2015	**-**	**-**	**273**	**273**

In relation with the disposal of dcinex, EVS has received part of the payment in Ymagis bonds associated with warrants for the equivalent of EUR 6.4 million (maximum maturity of 5 years). The bonds have been sold in March 2015.

As explained in the note 5.1.2 relating to the investments in associates, EVS contributed for EUR 0.8 million to the refinancing of dcinex in 2009 and, in January 2013, EVS bought back EUR 0.5 million subordinated loan associated with warrants in dcinex SA from another former minority shareholder of the company. Following the disposal of dcinex by EVS, most of these loans were repaid late 2014. The remaining EUR 151,000 have been reimbursed by dcinex to EVS in March 2015.

15. INVENTORIES AND CONSTRUCTION CONTRACTS

15.1. Inventories

(EUR thousands)	**December 31, 2015**	**December 31, 2014**
Raw materials	16,359	13,717
Finished goods	14,606	15,160
Total at cost	**30,966**	**28,877**
Cumulated amounts written off at the beginning of the period	**-13.513**	**-10,840**
Reversal/use of the amounts written off, net	-1,885	-2,673
Cumulated amounts written off at the end of the period	**-15,398**	**-13,513**
Total net carrying amount	**15,568**	**15,365**

Write-offs movements on inventories, which were valued at EUR 1.9 million in 2015 and at EUR 2.7 million in 2014, are accounted as charges in the costs of sales. These write-offs concern technologically obsolete stock items.

15.2. Construction contracts

(EUR thousands)	December 31, 2015	December 31, 2014
Direct and project related incurred costs	1,174	2,472
Noticed profit (+)/loss (-)	3,579	1,518
Value of the orders in progress at the closing date	4,753	3,990
Invoiced advances	5,884	4,753
Gross amounts due by clients for works relating to contracts	2,897	1,715

Invoiced advances for construction contracts amounted to EUR 5.9 million at December 31, 2015, compared to EUR 4.8 million at the end of 2014. Revenues relating to work in progress during 2015 amounted to EUR 4.8 million (EUR 4.0 million in 2014). The difference between these two amounts, EUR 1.1 million, is booked as a liability, in the advances received.

16. TRADE AND OTHER RECEIVABLES

(EUR thousands)	December 31, 2015	December 31, 2014
Trade receivables	34,092	26,783
Finance lease receivables	3,169	3,025
Amounts receivable linked to joint ventures	-	-
Other related parties	-	15
Write offs on receivables	-1,007	-1,613
Net trade receivables	*36,254*	*28,210*
Other amounts receivable	1,933	3,734
Deferred charges and accrued income	1,687	1,752
Total	**39,874**	**33,696**

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.

As mentioned in the note 3, no customer represented in 2015 more than 10% of total revenue.

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.

As of December 31, 2015, an amount of EUR 3 million (EUR 3,9 million on 31/12/2014) within trade receivables was overdue with more than 90 days from which EUR 1 million are subject of write-downs following credit quality of trade receivables. Movements of write-offs in 2014 and 2015 are as follows:

(EUR thousands)	2015	2014
Write-offs on trade receivables		
Value as of January 1	**1,613**	**1,076**
- Write-offs during the year	280	835
- Releases of write-offs during the year		
- Amounts paid down during the year	-946	-253
- Other	60	-45
Value as of December 31	**1,007**	**1,613**

16.1. Finance lease receivables

(EUR thousands)	2015	2014
Gross receivable – future lease payments under finance lease		
Within one year (current finance lease)	1,696	1,345
After one year but no longer than five years (non-current finance lease)	1,675	1,680
Longer than five years (non-current finance lease)		
Less: unearned finance income	-202	-212
Present value of future lease payments		
Within one year (current finance lease)	1,567	1,236
After one year but no longer than five years (non-current finance lease)	1,602	1,577
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 0.1 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, 2015 is 4%.

The financial revenues generated by the finance leases are booked in the interest revenues, as explained in note 6.1.

17. 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).

18. CASH AND CASH EQUIVALENTS

(EUR thousands)	December 31, 2015	December 31, 2014
Cash at bank and in hand (not remunerated)	11,065	3,019
Short-term deposits and remunerated cash accounts	14,506	22,537
Total	**25,572**	**25,556**

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.

19. 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. As of December 31, 2015, the remaining buildings were valued at EUR 5.1 million.

A third building has been sold in 1T16, for which a “preliminary sale agreement” (“compromis de vente”) had been signed in 3Q15. The sale will be booked in 1T16. This sale will be booked in 1T16 and will generate a positive result.

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.

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.

20. OWNER'S EQUITY

20.1. 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, 2015**	**13,625,000**	**8,342,479**

20.2. Issued capital and treasury shares

As of December 31, 2015, 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, 2015, 266,800 issued warrants with an average exercise price of EUR 40.17 per share are exercisable until December 2019. 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 56.4% of the total balance sheet at the end of 2015.

20.3. Authorized capital

In accordance with the resolution adopted by the Extraordinary General Meetings of November 5, 2014, 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 November 5, 2014. 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".

20.4. Staff incentive program

20.4.1. 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 266,800 warrants outstanding at the end of 2015 (372,050 at the end of 2014), the dilution effect represents 1.96% of the share capital, this being partially offset by the 129,917 treasury shares, which represent 1.0% 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, and the EGM of September 24, 2013 issued 25,000 warrants and cancelled 70,000 warrants, in order to bring the total number to 1,305,000. As of December 31, 2015, 1,167,650 of these warrants had been distributed, 626,100 exercised and 274,750 cancelled following departures or repurchased following sales of subsidiaries, which means that 266,800 can be exercised as of December 31, 2015. As a result, 137,350 warrants are still available for distribution by the Board of Directors. The weighted average maturity is February 12, 2017. These warrants may be exercised between now and December 2019. They have an average exercise price of EUR 40.71 per share. In the course of 2015, no warrants were granted or exercised but 105,250 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:

	2015		2014	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
In circulation at the beginning of the period	**372,050**	**39.85**	**420,000**	**38.95**
Granted during the period	-	-	99,500	39.94
Exercised during the period [(1)]	-	-	-110,200	34.54
Cancelled during the period	-105,250	37.68	-37,250	45.61
In circulation at the end of period	**266,800**	**40.71**	**372,050**	**39.85**

(1) The average share price (closing) during the exercise period in 2015 was EUR 40.71.

The warrants in circulation as of December 31, 2015 and exercisable over the next years are as follows:

Expiry date	**Exercise prices (EUR)**	**Number on December 31, 2015**	**Number on December 31, 2014**
2016	Between 36.77 and 41.90	8,550	8,950
2017	Between 37.11 and 65.66	145,550	155,900
2018	Between 54.30 and 68.77	53,700	61,200
2019	Between 36.81 and 45.71	59,000	74,500
Total	**Between 36.77 and 68.77**	**266,800**	**372,050**

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. 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 2015), 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.

20.4.2. 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 17, 2016 approved a profit sharing scheme in the form of a grant of EVS Broadcast Equipment SA shares relating to the appropriation of the year 2015. Taking into account tax implications for the company, this grant relates to 37 shares (net of taxes) for all employees hired by the group before January 1, 2016, proportionally to the effective time performance (or assimilated) in 2015.This represented around 10,800 shares in total to maximum 310 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.

20.5. Treasury shares buy-back

During the Extraordinary General Meeting of November 5, 2014, 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 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 November 5, 2014 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 2015, the company didn’t repurchase any share on the stock market. A total of 1,900 shares, which had been transferred from Delta Lloyd to EVS in 3Q15, as a result of the termination of the 2005 EVS stock split process, have been sold in 4Q15 during the final step of the dematerialization process in Belgium. No shares were used to satisfy the exercise of warrants by employees. The Ordinary General Meeting of shareholders of May 19, 2015 approved the allocation of 10,581 shares to EVS employees (grant of 37 shares to each staff member in proportion to their effective or assimilated time of occupation in 2014) as a reward for their contribution to the group successes.

The number of treasury shares held as of December 31, 2015 was 129,917 (at an average historical price of EUR 38.18) compared to 140,498 as of December 31, 2014. In 2015, the number of treasury shares moved in number and in weighted average prices (WAP) as follows:

	2015		2014	
	Number	**WAP (EUR)**	**Number**	**WAP (EUR)**
At the beginning of the period	**140,498**	**38.18**	**133,364**	**37.71**
Buy back on the market	-	-	127,500	38,25
Sales on the market	-	-	-	-
Treasury shares cancellation	-	-	-	-
Sales linked to the staff incentive program	-10,581	38.18	-120,366	37.73
At the end of the period	**129,917**	**38.18**	**140,498**	**38.18**

20.6. Reserves

(EUR thousands)	**December 31, 2015**	**December 31, 2014**
Legal reserves	934	912
Reserves available for distribution	79,766	81,573
Reserves for treasury shares	-4,960	-4,199
Interim dividend	-6,747	-13,485
Reserves	**68,993**	**64,801**

20.6.1. 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.

20.7. 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.

21. LOANS

(EUR thousands)	December 31, 2015	December 31, 2014
Long term financial debts		
Bank loans	19,600	24,800
Long term finance lease obligations	-	-
Other long term debts	1,160	2,151
Amount due within 12 months (shown under current liabilities)		
Bank loans	5,200	7,107
Long term finance lease obligations	-	-
Other short term debts	-	-
Total financial debt (short and long-term)	**25,960**	**34,058**
The total financial debt is repayable as follows :		
- within one year	5,200	7,107
- after one year but no more than five	20,760	22,619
- more than five years	-	4,332

21.1. Credit lines

As of December 31, 2015, 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 0.5 million of these credit lines were used for bank guarantees, mainly for international public tenders, or as security deposit.

21.2. 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, 2015 have the following details:

(EUR thousands)	Bank	Nominal value	Maturity	Effective interest rate (2015)	Remaining balance	Net book value	Guarantee on asset
Bank loans :							
- Buildings I & II	ING	980	2015	Fixed 3.4%	-	1,354	-
- Building IV	ING	2,500	2015	Fixed 4.3%	-	3,338	-
- New headquarter	BEI	12,000	2020	Variable 1.15%	10,000	50,171	27,058
- New headquarter	ING	12,000	2020	Variable 1.19%	9,800	50,171	27,058
- New headquarter	BNP	6,000	2020	Variable 1.11%	5,000	50,171	27,058

On November 14, 2013, EUR 24 million senior debt over 7 years has been secured by the company with 3 major banks (European Investment Bank (50%, through the GFI initiative), ING (25%) and BNPPF (25%)), in order to partially finance its new headquarters and operating facilities in Liège from which the entire amount has been drawn. In May 2014, EVS has signed additional credit facilities amounting to EUR 12 million (50% and 50% ING BNPPF) over 5 years from which EUR 6 million has been drawn. Additionally to conventional safeguards regarding liquidation and solvency, EVS has granted a pledge ("mandat hypothécaire") on the new building to the banks at the pro-rata of their funding, for a total amount of EUR 27.1 million. The loan is amortizable and may be reimbursed before its final term without any significant penalty.

Conventions for these bank loans contain certain covenants that are monitored by the management of EVS. On December 31, 2015 they were fully met.

22. PROVISIONS

(EUR thousands)	Litigations	Technical warranty	Strategic repositioning	Total
Provisions				
As of January 1, 2015	135	942	0	1,077
Arising during the year	-	189	-	189
Utilized	-135	-	-	-135
Reversed	-	-	-	-
Others	-	-	-	-
As of December 31, 2015	**-**	**1,131**	**0**	**1,131**
Current 2014	-	-	-	-
Non-current 2014	135	942	-	1,077
Current 2015	-	-	-	-
Non-current 2015	-	1,131	-	1,131

The litigation provisions registered in the consolidated accounts mainly 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 has been 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 2015 estimate represented an amount of EUR 1.1 million.

23. TRADE AND OTHER PAYABLES

(EUR thousands)	December 31, 2015	December 31, 2014
Trade payables	4,959	5,183
Amounts payable linked	-	-
Other related parties	28	42
Total trade payables	*4,987*	*5,225*
Other payables	4,626	2,346
Accrued charges	2,262	2,567
Deferred income	2,206	1,162
Total	**14,081**	**11,300**

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

24. COMMITMENTS AND CONTINGENCIES

24.1. Operating lease commitments

The group holds operating leases on most of the vehicles of its fleet. These leases have an average life time between 3 and 5 years. The expenses relating to the rental part of these leases amounted to EUR 2.3 million in 2015 and EUR 2.1 million in 2014.

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

(EUR thousands)	2015	2014
Within one year	2,068	2,110
After one year but no longer than five years	3,279	2,833
Longer than five years	-	-
Total	**5,347**	**4,943**

In the event of cancellation of the operating leases as at December 31, 2015, a compensation of around EUR 123 thousand should be paid by the group.

24.2. 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 2015, a provision of EUR 1.1 million is booked in relation with this warranty, as explained in the note 22.

24.3. Bank guarantees

Bank guarantees amounted to EUR 0.5 million as of December 31, 2015 mainly requested as part of international public tenders, or as security deposit.

24.4. Contractual guarantees

Contractual guarantees were established for the benefit of contracting persons/partners for a maximum potential amount of EUR 2.0 million at December 31, 2015.

24.5. Guarantees on assets

Mandates from mortgage with banks were granted for EUR 27 million for the first loan of EUR 24 million (available to partially fund the new headquarters of the group, under construction as explained in note 21.2).

24.6. Other guarantees and contingencies

A building has been sold in 1T16, for which a “preliminary sale agreement” (“compromis de vente”) had been signed in 3Q15. This sale will be booked in 1T16 and will generate a positive result.
Another contingency exists but is not currently booked given the low probability of damages for EVS. The Board of Directors prefers then not to give any other information on these litigations as it could seriously harm the position of the group in the context of this case.

25. RELATED PARTY DISCLOSURES

25.1. 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 16 and 23).
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	2015	-	-274	-	-28
	2014	-	-552	-	-42
dcinex SA	2015	-	-	-	-
	2014	17	-	15	-
Total	**2015**	**-**	**-274**	**-**	**-28**
	2014	**17**	**-552**	**15**	**-42**

25.2. Executives

There were no significant related party transactions in 2015, other than the ones that are mentioned in the remuneration report, on page 14 and following.

26. AUDITOR

In 2015, all fees related to the Auditor of the parent company, BDO, Auditors SCC (B-00023) represented by Christophe COLSON and its associates, amounted to EUR 152,366 in aggregate for their duties as Auditor (EUR 52,400) and also for other duties (EUR 99,966).

In accordance with the option offered by Article 133§6 of the Belgian Code of Companies, the Audit Committee, after analyzing and considering that these benefits are not likely to jeopardize the independence of the auditor, confirmed for fiscal year 2015 the authorization given in February 2014 to exceed the limit set by the “one-to-one” rule (i.e. the fees related to non-audit services may not exceed the authorized commissioner fees) by the realization of tax assistance services within the group.

27. 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 28.2. 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.

28. FINANCIAL INSTRUMENTS

28.1. 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.

28.2. 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).
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.
At the end of December 2015, the group held USD 3.0 million and RUB 4.2 million in forward exchange contracts. The conditions of these contracts were as follows:

Sales	Currency	Maturity	Exchange rate	Forward value (EUR)	Impact of the revaluation at the fair value on Dec. 31, 2015 (EUR)
3, 000,000	USD	November 14, 2016	1.0892	2, 754,315	-1,265
4, 200,000	RUB	March 15, 2016	81.810	51,338	-723

28.3. 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 explained in note 16.

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 22.3, the group is exposed to credit risk in relation with bank guarantees. As of December 31, 2015, the maximum amount the group could have to pay if these guarantees are called on is EUR 0.5 million.

29. EVENTS AFTER THE BALANCE SHEET CLOSING DATE

Significant events that arose after the balance sheet date are:

- The information communicated in the 2015 annual results released on February 18, 2016;
- On January 25, 2016, EVS announced the signature of a multi-year contract (2016-2018) with NEP Group Inc, valued slightly above USD 15 million;
- On February 18, 2016, EVS signed the formal sale of one of the former buildings, for which a preliminary sale agreement had been signed in 3T15. This sale will be booked in 1T16 and will generate a positive result.

STATUTORY AUDITOR’S REPORT

STATUTORY AUDITOR’S REPORT TO THE GENERAL MEETING OF THE COMPANY EVS BROADCAST EQUIPMENT FOR THE YEAR ENDED DECEMBER 31, 2015

As required by law, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statement. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the explanatory note.

Report on the consolidated financial statements – unqualified opinion

We have audited the consolidated financial statements of the company EVS BROADCAST EQUIPMENT for the year ended December 31, 2015, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated statement of financial position total of 138.544(000) EUR and a consolidated income statement showing a consolidated profit for the year of 23.714(000) EUR.

Responsibility of the board of Directors for the preparation of the consolidated financial statements

The board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards, and for such internal control as the board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA’s). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers the company’s internal control relevant to the preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of Directors and company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of the company EVS BROADCAST EQUIPMENT give a true and fair view of the group’s equity and financial position as at December 31, 2015, and of its results and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The board of Directors is responsible for the preparation and the content of the Director’s report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which do not modify the scope of our opinion on the consolidated financial statements:

- The Director’s report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Liège, April 14, 2016

BDO Réviseurs d’Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by

Christophe COLSON
Registered auditor

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 BDO, Auditors, represented by Christophe COLSON, 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 96,466 thousand, representing 81.4% of the consolidated amount.

- The profit of the year amounts to EUR 33,772 thousand, i.e. a increase of EUR 4,548 thousand compared to 2014. The balance sheet total amounts to EUR 146,523 thousand.

- In 2015, EVS Broadcast Ltd. (Hong Kong) paid dividends to EVS for a total amount of EUR 4.3 million, and EVS International (Swiss) SARL paid EUR 5.5 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.

- Under Belgian GAAP, EVS activated, for the first time in 2015, EUR 17.2 million of R&D expenses, which are depreciated over a period of 3 years in accordance with the valuation rules in this matter. This results in a EUR 17.2 million increase of the capitalized production and a EUR 5.7 million increase of depreciation. Consequently, profit before tax and fixed assets increased by EUR 11.5 million. The result after tax and statutory equity increase by EUR 7.6 million. The cash flow generated by the parent company during the year is not impacted by the application of this new accounting principle.

- 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)	2015	2014
Operating income	**116,338**	**105,831**
A. Turnover	96,466	117,910
B. Increase (+)/decrease (-) in stocks of finished goods, work and contracts in progress	441	-14,000
C. Capitalized production	17,205	
D. Other operating income	2,226	1,921
Operating charges	**-80,600**	**-71,484**
A. Raw materials, consumables and goods for resale	-17,174	-15,475
1. Purchases	*-19,551*	*-16,468*
2. Increase (+)/decrease (-) in stocks	*2,377*	*993*
B. Services and other goods	-28,882	-27,897
C. Remuneration, social security costs and pensions	-24,481	-22,612
D. Depreciation of and other amounts written off on formation expenses, intangible and tangible fixed assets	-9,310	-2,527
E. (+)/(-) in amounts written off on stock and trade debtors	-654	-2,477
F. (+)/(-) in provisions for liabilities and charges	95	-206
G. Other operating charges	-194	-290
Operating profit	**35,738**	**34,347**
Financial income	**17,877**	**9,458**
A. Income from financial assets	9,879	7,752
B. Income from current assets	29	60
C. Other financial income	7,969	1,646
Financial charges	**8,235**	**2,106**
A. Interest and other debt charges	-591	-622
B. Write-offs on current assets other than stocks, work in progress and trade receivables (+, -)	-28	-1,165
C. (+)/(-) in amounts written off on current assets	-7,616	-320
Profit on ordinary activities before taxes (+,-)	**45,379**	**41,698**
Extraordinary income	696	9
Extraordinary charges	-199	-648
Result for the period before taxes (+, -)	**45,876**	**41,059**
Transfer from deferred taxation	51	25
Income taxes	-12,155	-11,861
Result for the period (+, -)	**33,772**	**29,224**
Transfers from not taxable reserves	22	
Transfers to not taxable reserves	-666	
Result for the period available for appropriation (+, -)	**33,128**	**29,224**
Appropriation account		
A. Result to be appropriated	33,128	29,224
B. Transfers from reserves	-	-
C. Transfers to reserves	-19,168	-1,968
D. 1. Dividends	-13,500	-26,969
D. 2. Other equivalents	-461	-288

BELGIAN GAAP STATUTORY BALANCE SHEET

ASSETS (EUR thousands)	31.12.15	31.12.14
Fixed assets	**77,383**	**70,349**
Intangible assets	11,672	230
Tangible assets	57,776	55,832
A. Land and buildings	53,856	3,992
B. Plant, machinery and equipment	459	304
C. Furniture and vehicles	2,910	713
D. Assets under construction and advance payments	551	50,823
Financial assets	7,934	14,286
A. Affiliated companies	7,771	7,613
1. Participating interests	*5,171*	*5,171*
2. Amounts receivable	*2,600*	*2,442*
B. Other companies linked to participating interests	99	99
1. Participating interests	*99*	*99*
2. Amounts receivables	-	-
C. Other financial assets	64	6,574
1. Participating interests	-	-
2. Receivable and cash guarantee	*64*	*6,574*
Current assets	**69,140**	**70,202**
Amounts receivable after more that one year	-	-
A. Other amounts receivable	-	-
Stocks and contracts in progress	17,064	15,436
A. Stocks	13,959	13,042
1. Raw materials and consumables	*12,050*	*10,405*
2. Goods in process	-	-
3. Finished goods	*1,909*	*2,637*
B. Goods in process	3,105	2,394
Amounts receivable within one year	30,109	27,710
A. Trade debtors	29,491	25,413
B. Other amounts receivable	618	2,297
Investments	4,891	5,790
A. Treasury shares	3,768	4,199
B. Other investments and deposits	1,123	1,590
Cash at bank and in hand	15,591	19,833
Deferred charges and accrued income	1,485	1,433
TOTAL ASSETS	**146,523**	**140,551**

LIABILITIES (EUR thousands)	**31.12.15**	**31.12.14**
Capital and reserves	**75,819**	**56,548**
Capital	**8,342**	**8,342**
A. Issued capital	8,342	8,342
Reserves	**61,844**	**42,259**
A. Legal reserve	834	834
B. Reserves not available for distribution	3,768	4,199
1. In respect of treasury shares	*3,768*	*4,199*
C. Not taxable reserves	417	-
D. Reserves available for distribution	56,825	37,226
Investment grants	**5,632**	**5,946**
Provisions and deferred taxation	**1,818**	**1,738**
A. Provision for liabilities and charges	1,480	1,575
B. Deferred taxation	338	162
Creditors	**68,886**	**82,265**
Amounts payable after one year	**19,609**	**30,800**
A. Financial debts	19,600	24,800
1. Credit institutions	*19,600*	*24,800*
B. Other amounts payable	9	6,000
Amounts payable within one year	**46,856**	**48,891**
A. Current portion of amounts payable after one year	5,200	5,435
B. Financial debts	-	1,672
C. Trade debts	10,372	8,588
1. Suppliers	*10,372*	*8,588*
D. Advances received on orders	3,855	3,191
E. Taxes, remuneration and social security	18,871	14,517
1. Taxes	*12,061*	*7,380*
2. Remuneration and social security	*6,810*	*7,137*
F. Other amounts payable	8,557	15,487
Accrued charges and deferred income	**2,421**	**2,574**
TOTAL LIABILITIES	**146,523**	**140,551**

APPENDIX TO PARENT COMPANY FINANCIAL STATEMENTS

Capital as of December 31, 2015 (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, 2015		924,412
Dematerialized shares – as of December 31, 2015		12,700,588
B. Treasury shares held by the company itself	**4,960**	**129,917**
C. Commitments to issue shares		
1. Following the exercise of subscription rights		
- Number of outstanding subscription rights		266,800
- Amount of capital to be issued	7,737	
- Maximum number of shares to be issued		266,800
D. Amount of authorized capital, not issued	**1,600**	