AGFA-GEVAERT
ANNUAL REPORT 2020

AGFA

Agfa-Gevaert

Annual Report 2020

Table of contents

Letter to the shareholders

Frank Aranzana,
Chairman of the Board of Directors

Pascal Juéry,
CEO

Dear Shareholder,

Last year, shortly after we published our annual results, it became clear that the COVID-19 virus was to become an unprecedented global challenge. What began as an epidemic in January, became a pandemic in no time. Everything came to a standstill. The world went into lockdown. Stores, restaurants, and schools had to close, travel became impossible, and working had to be done from home. The people active in the healthcare sector worked day and night to accommodate the unprecedented influx of patients and to bring salvation where possible. The pharmaceutical world pulled out all the stops in its search for a redeeming vaccine.
Today, one year later, a lot has changed, but we certainly have not returned to the old normal yet. After a first wave, the virus struck a second time. Whether a third wave could be avoided remained to be seen at the time this annual report was composed. The various vaccines which, it must be said, have been developed at record speed, and are now being administered, justify the hope that perhaps the worst is behind us and that we can gradually look forward to living in a world as we used to know it.

However, "Crises are challenges", one of our illustrious predecessors as CEO and Chairman, André Leysen, used to say. We are proud to say that the people of Agfa have reacted well to this new challenge. All our activities were affected, but we have been working hard to minimize the impact and the disruptions in our operations and to continue servicing our customers in the best possible way. On the one hand, the pandemic greatly accelerated the digitalization of our activities. On the other hand, it prompted us to think critically about how we work and how we can better organize ourselves to face the crisis. With a lot of creativity and entrepreneurial spirit, our people managed to replace the cancelled trade fairs with our own virtual version, including training, demo sessions and personal contact with our experts. All this while the majority of the employees worked from home.
Even in very difficult circumstances, we continued to support our customers. In hospitals all over the world, we – often fully remotely – implemented Enterprise Imaging platforms and installed mobile Direct Radiography solutions, which proved to be a valuable weapon in the fight against COVID-19.

Likewise, the pandemic did not prevent us from reaching several key milestones in the transformation of our company, starting with the successful sale of part of the HealthCare IT activities, which enabled a strong improvement of our balance sheet.

Sale of part of the HealthCare IT activities

In May 2020, we have successfully completed the sale of part of Agfa HealthCare's IT business at an enterprise value of 975 million Euro to the Dedalus Group. The part that has been sold consists of the Healthcare Information Solutions activities (Electronic Health Record, the ORBIS platform) and the Integrated Care activities in Germany, Austria, Switzerland, France and Brazil as well as the Imaging IT activities to the extent that these activities are tightly integrated into the Healthcare Information Solutions activities in these geographies. The Healthcare IT Imaging Solutions Business, which includes our IMPAX and Enterprise Imaging solutions (PACS, RIS, CVIS, VNA, Viewer, etc.), in all other geographies, is not involved in this agreement.
This transaction represents an exciting new phase in the evolution of the division. Agfa HealthCare has established itself as a leader in Enterprise Imaging, with the most advanced platform in the market. We have full confidence in our Enterprise Imaging strategy. The sale allows us to focus our expertise and resources 100% on the value-improvement of our Enterprise Imaging offering, and on developing our role as the partner of choice for customers in all our markets.

Use of the proceeds

Due to the proceeds of the sale of part of the HealthCare IT activities, our net financial debt evolved from 219 million Euro at the end of 2019 to a net cash position of 502 million Euro.
We plan to invest about 350 million Euro of the proceeds of the sale of part of HealthCare IT to increase the funding ratio of the funded pension plans in Belgium, the UK and the USA, as well as to implement pension de-risking actions. We are well on track with this plan. The total amount invested in 2020 was around 218 million Euro. During the first half of 2021, the remaining 130 million Euro will be invested.

On March 10, 2021, we announced a share buyback program with a volume of up to 50 million Euro. The program allows our shareholders to benefit from the sale of part of the HealthCare IT activities and shows our confidence in the transformation process.

Lighthouse Transformation Program

Last year, we started a company-wide program, including all four divisions, to prepare the Agfa-Gevaert Group for the next decades. In order to be able to successfully cope with the many challenges that are and will be facing us, we are revising the Group's operating model to become more transparent and more competitive. New efforts to reduce the Group's complexities have to result in simplified processes and structures, while investments in systems will result in streamlined customer experiences and cost efficiencies. This should lead to a more agile, a more efficient, a more simple company. Ultimately, this transformation process should lead to sustainable and profitable growth.

The program, called Lighthouse, has three focus points. The first one is targeting profitable expansion. In order to secure an inspiring future for all Agfa stakeholders, both our Group strategy and our divisional strategies should all be engaging on profitable expansion. Our current core positions in our different markets will be further stretched. Within our existing, streamlined portfolio we will accelerate the profitable growth potential. At the same time we will explore new synergies and cooperation opportunities for our core portfolio.

The second focus point is about the new target operating model. Agile, efficient, simple. These are the key elements. The Group's operating model indeed needs to become more transparent and competitive. New efforts to reduce Group complexities should result in simplified processes, while investments in systems will result in streamlined customer experiences and cost efficiencies.
For our businesses, this means end-to-end accountability on means and results, a stronger focus on the market and on our clients, and the implementation of an agile organization leading to additional capacity to invest in profitable growth.

The last focus point is about the strategic direction of the Offset Solutions division, a business that is experiencing further volume and price pressure, strongly amplified by the COVID-19 impact in 2020. In order to address this trend, Agfa will further invest in optimizing its go-to-market strategy. Important elements of this strategy are a more streamlined product offering and more focused processes. As a result the Offset Solutions division will be more agile and lean. The ultimate goal is restoring the profitability of the division and to have the flexibility to participate in a potential industry consolidation. In January 2021, we announced our plan to organize the Offset Solutions activities into a stand-alone legal entity structure and organization.

We are confident that we will succeed in our transformation program thanks to our people who never stop to strive for excellence and always aim to be the best in everything they do. This motivated and skilled workforce, together with our current brand recognition, our world class R&D capabilities and our integrated solutions portfolio is a solid basis for success.

Sustainability

As a company, we believe we have a responsibility to create a better future for the generations to come. This is why sustainability is the key driver in all our actions and behaviors. We do this by incorporating sustainability into our business strategy, and by engaging in conversations on how to improve our behaviors and operations with all our partners and our employees. Based on this vision, we have sharpened our focus on this topic and strengthened our efforts in this area.
While sustainability has always been a part of Agfa's DNA, the efforts and resources to address sustainability priorities and to systematically include them in the business strategy had been so far mainly addressed at team and divisional level. Most of our activities in the course of 2020 aimed at building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

In order to do so, we linked Agfa's priorities to societal impact at large via the framework provided by the UN 2030 Agenda for Sustainable Development. We also created the Corporate Sustainability Office to lead the development of Agfa's sustainability strategy, coordinate its implementation, define a clear governance and internal policy and empower each team to translate corporate objectives into team ones. We built over our first materiality assessment process – carried out in 2019 – to increase the understanding of our impacts on society at large and set up an action plan to act on the priority areas. We set a number of 2025 targets for key material topics and made a time-plan to complete this exercise for the remaining ones. We worked towards improving the quality and content of our annual reporting in line with the latest updates of the Global Reporting Initiative (GRI) standards, including an exercise of KPI readiness assessment to verify the robustness of the data. Last but not least, we strengthened our dialogue with stakeholders regarding sustainability to understand their expectations and to identify areas for partnership and cooperation.

Growth and innovation

Each year, Agfa spends between 5 to 6% of its turnover on R&D. This clearly demonstrates our commitment to developing innovative solutions that offer significant added value to healthcare providers, printers and industrial customers. In the past century and a half, we have built an impressive Intellectual Property portfolio that today consists of 878 active patent families. The numbers may vary from year to year, but we can proudly say that Agfa is renewing its intellectual property at a consistent rate of 50 to 60 new patent families per year.

We are continuously exploring how to apply its technology power to offer state-of-the-art, sustainable solutions for multiple applications in various markets. A fine example is our medical imaging equipment in combination with our leading MUSICA image processing software that sets the standard in terms of productivity, safety, clinical value and cost-effectiveness. Our digital radiography solutions achieve an optimal balance between low radiation doses and high image quality. Thanks to MUSICA, razor-sharp medical images can be achieved while reducing the radiation dose for patients by up to 60%.

With RUBEE™ for Augmented Intelligence, we go one step further, as we introduced specialized AI algorithms that address specific clinical needs and are seamlessly integrated into our Enterprise Imaging Platform. We are currently deploying RUBEE™ in North-America and selected parts of Europe. The solution provides a smart representation of the findings of the AI algorithms, and puts the generated information to use immediately, in the Enterprise Imaging system, right in the middle of the existing radiology workflows. This approach is far more valuable and analytically intelligent and provides greater efficiency gains than working with separate AI packages.

Europe aims to reduce net greenhouse gas emissions to zero by 2050 with its Green Deal. In doing so, it aims to become the first climate-neutral continent. We can contribute to this. In recent years, we have invested heavily in the development and production of membranes for the hydrogen production industry. The latter is an essential cornerstone in the European climate strategy. Our company is part of the EU Clean Hydrogen Alliance that coordinates all activities between all stakeholders in the project: the technology developers, the industrial actors, the investors and the governments together with their citizens. This membership confirms Agfa's international recognition as an expert in the development and production of separation membranes for advanced alkaline electrolysis, an essential component in the production of hydrogen. A recent study by the Fraunhofer Institute using our Zirfon separator membranes confirms that the Alkaline ElectroLysis (AEL) technology can be as efficient as the Proton Exchange Membrane (PEM) technology and is able to operate at high current densities. This presents AEL as the most cost efficient hydrogen production system and confirms the best in class potential of our Zirfon range of separator membranes.

Thanks to its specific advantages, inkjet printing is increasingly used as part of industrial production processes. We develop tailor-made inkjet inks for industrial printing presses which are used in very diverse industrial applications, such as laminate flooring and wall decoration. In addition, we also design complete industrial printing systems such as the InterioJet inkjet printer for laminate applications or the Alussa printer for printing on leather items such as shoes and handbags.

For the offset printing industry, we are focusing on ecology, economy and extra convenience under our ECO³ program. This brings a higher degree of sustainability in the printing processes, enabling lower ink consumption, creating less waste and making printing processes cleaner, more cost-efficient and simpler. Thanks to our ECO³ solutions, printers can save up to 30% on paper, 40% on ink and up to 95% on water. Waste volumes can be reduced by 50%. In 2020, we introduced several new ECO³ products, such as the Eclipse process-free printing plate that eliminates 100% processing waste.

The Agfa-Geveart Group in 2020

Excluding the effects of the sale of part of the HealthCare IT activities in May and currency effects, our Group revenue decreased by 12.7%. The Imaging IT activities and Direct Radiography activities within the Radiology Solutions division performed well, despite the effects of COVID-19 on the business environment. The issues in the offset printing industry, as well as the COVID-19 impact on the medical film business and the Digital Print & Chemicals division significantly impacted the Group's top line. In the second half of the year, most businesses started to recover.

Our gross profit margin amounted to 28.9% of revenue, versus 29.9% in 2019. The HealthCare IT division posted a strong gross profit margin increase, based on its strategy to target high-value revenue streams. The Digital Print & Chemicals division showed resilience in terms of profitability, in spite of the COVID-19 related revenue decrease. The Offset Solutions division's profitability was heavily impacted by COVID-19, but the measures taken for this division started to show results towards the end of the year. Related to the COVID-19 situation and efforts to reduce inventories, margins were also impacted by increased idle time at our production facilities.

Including the proceeds of the sale of part of the HealthCare IT activities, we posted a net profit of 621 million Euro.

Thanks to a reduction in working capital of about 100 million Euro, we generated a positive free cash flow before extra funding of the pensions of 15 million Euro.

HealthCare IT

Robust project revenues in North America, and especially the delivery of Enterprise Imaging solutions to the AdventHealth group in Florida in the second quarter, positively influenced the results of the business.

Our Imaging IT solutions are a comprehensive answer to the mission-critical needs of care providers to manage all medical images. In spite of the uncertainties due to the COVID-19 situation, the outlook for value creation in the Imaging IT solutions business remains very positive.

In the course of the year, the division recorded a ramp up of the order intake and the total order backlog remains at a healthy level, covering more than a full year of total revenues.

In 2020, we were already able to double the profitability of the division. Ultimately, the division's strategy will also allow it to reach the targeted growth of EBITDA: starting from a mid-single-digit percentage in 2019 to high teen percentages over the next years.

Radiology Solutions

Our Direct Radiography business grew by double digits, driven by our innovative mobile DR solutions and by comprehensive contracts with large care organizations all over the world. Mobile devices can be used to perform high-quality bed-side X-ray examinations, even in intensive care units. For these solutions, we gained market share as we reacted adequately to the market disruption caused by COVID-19. Furthermore, we are improving the profitability of our DR product range, partly because we increased our efficiency in providing services remotely.

The division managed its Computed Radiography range well and succeeded in safeguarding the profit margins. Service revenues for this business area were kept at a decent level. Partly market driven and partly due to effects related to COVID-19, the CR top line declined. Private practices in India, Latin-America and other geographies are postponing their investments in CR equipment. In order to improve our competitiveness, we are adjusting our CR equipment production capacity to the declining market trend.

The medical film product range's top line was impacted by COVID-19, as hospital visits not related to COVID-19 are being postponed, resulting in a lower demand for medical film in India, Latin-America and other geographies. Furthermore, the business started to face increased price and volume pressure in the fourth quarter due to new centralized procurement practices in China.

Our colleagues continue to do all within their power to make sure that customers can continue to count on the knowhow of the service teams. We are helping hospitals all over the world to fight COVID with successful and fast installations of CR and DR equipment.

Digital Print & Chemicals

In the field of digital print, the ink product ranges for sign & display applications continued to perform well. On the other hand, the large-format printing equipment business faced a strong COVID-19 impact throughout the year. Many companies are postponing investments in new printing machines. However, in this difficult environment, we maintained our market share. Furthermore, we continue to invest in our innovative product portfolio in order to be ready for the post-COVID market rebound. In the course of 2020, we added several new members to our family of large-format printing machines.

The sales of inks for industrial applications grew sequentially. We recently commercially launched solutions for new digital printing applications, such as laminate floorings and leather. Solutions for other new applications (e.g. in the field of packaging) are being developed. In the fourth quarter, we introduced the InterioJet water-based inkjet printing system for printing on decor paper used for interior decoration, such as laminate floors and furniture.
Volumes of the division's range of films and foils decreased versus the previous year, as these products are mostly used in industries that have been hit by the COVID-19 pandemic, including aeronautics, the oil and gas industry and the printing industry.
The specialty chemicals range of the division is well-positioned for future growth with products and solutions that target specific promising markets. Orgacon conductive materials, for instance, are used in hybrid and electric car technology, while Zirfon membranes are developed for advanced alkaline electrolysis. With these membranes we are setting a new efficiency standard in the production of green hydrogen.

Offset Solutions

Excluding currency effects, the division's revenue decreased by 15.5% due to COVID-19 related effects – including adverse price/mix effects – and the structural decline of the offset markets. The pandemic causes a decrease in advertising and commercial activities, leading to lower print volumes and a lower demand for printing plates. The division's top line started to recover in the second half of the year.
We estimate that the current pricing levels in the industry are not sustainable. Therefore, we are looking into ways to adapt the earning model for certain services we provide to our customers. We are also reorganizing our printing plate manufacturing capacity. The operations in the printing plate factories in Pont-à-Marcq (France) and Leeds (UK) were terminated in the course of the fourth quarter. The effects of these steps started to become visible in the division's fourth quarter results.

Outlook

To summarize, we can say that we have made good progress with the revision of the Group's operating model leading to significant cost improvements and improved working capital management, to be pursued further in the next years. Our measures to restore the profitability of Offset Solutions showed their first results in the fourth quarter. Business-wise, the Imaging IT business more than doubled its adjusted EBITDA, our Digital Print & Chemicals division recovered throughout the year and our Direct Radiography business delivered double digit growth. We are very confident that we are taking the right steps to allow these growth engines to reach their full potential in the years to come.
Due to the continuing impact of COVID-19 and inflationary pressure on for instance shipping and raw material costs, as well as volatility in exchange rates, we still expect a subdued first half of the year 2021. In the second half of the year, we expect a substantial business recovery. We expect to see substantial progress in all divisions, except in the Radiology Solutions division where the growth of Direct Radiography will not be able to compensate for the impact on the medical film business of new centralized procurement practices in China.
In the medium term, most activities of the Group will fully recover from the disruption caused by COVID-19 and some will even benefit from post-COVID opportunities and market developments. However, offset printing demand is not expected to fully recover going forward.

To end, we would sincerely like to thank our customers and our distributors for the confidence they showed in our company in this difficult year. We are committed to continue to serve all of them with the most advanced, high-quality and reliable products and services. We also wish to thank our people, who were and are in the frontline of the pandemic, serving our customers in the healthcare sector and other markets. Furthermore, we thank our shareholders for their support and their confidence.

MILLION EURO	2016	2017	2018	2019 (3)(4) Re-presented	2020
PROFIT OR LOSS					
Revenue	**2,537**	**2,443**	**2,191**	**1,975**	**1,709**
Change vs. previous year	-4.1%	-3.7%	-8.0%		-13.5%
Offset Solutions			850	843	704
Share of group sales			39%	43%	41%
Digital Print & Chemicals			337	355	289
Share of group sales			15%	18%	17%
Radiology Solutions			514	536	485
Share of group sales			24%	27%	28%
HealthCare IT			490	241	230
Share of group sales			22%	12%	14%
Gross profit	857	814	701	589	494
Results from operating activities	166	138	62	(34)	(52)
Net finance costs	(51)	(39)	(39)	(36)	(31)
Income tax expense	(35)	(53)	(34)	(14)	(15)
Profit (loss) for the period	**80**	**45**	**(15)**	**(48)**	**621**
Attributable to owners of the Company	70	37	(24)	(53)	613
Attributable to non-controlling interests	10	8	9	5	7
Restructuring/non-recurring expenses	(42)	(31)	(66)	111	88
Adjusted EBIT	208	169	128	77	36
Adjusted EBITDA	265	222	182	153	99
CASH FLOW					
Net cash from (used in) operating activities	142	40	(44)	123	(153)
Capital expenditures (1)	(44)	(46)	(40)	(38)	(33)
STATEMENT OF FINANCIAL POSITION - DECEMBER 31					
Equity	252	307	290	130	620
Net financial debt	(18)	18	144	219	(502)
Current assets minus current liabilities (2)	568	563	607	473	952
Total assets	2,352	2,233	2,367	2,294	2,204
SHARE INFORMATION (EURO)					
Earnings per share (eps)	0.42	0.22	(0.14)	(0.32)	3.66
Net operating cash flow per share	0.85	0.23	(0.26)	0.88	(0.81)
Gross dividend	-	-	-	-	-
Number of ordinary shares outstanding at year-end (5)	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
EMPLOYEES (AT YEAR END)					
Full time equivalent permanent (active)	10,042	9,840	9,662	7,892	7,337

(1) For intangible assets and property, plant and equipment.
(2) During 2016, the Group has consistently applied its accounting policies used in previous years, except for the presentation of trade receivables, trade payables, receivables under finance lease and other assets. As of December 31, 2016 the Group classifies these balances as non-current assets/liabilities to the extent they are due to be settled more than twelve months after the reporting period. Comparative information for the year 2015 has been restated. Furthermore the Group has changed the accounting treatment of defined contribution plans with return guaranteed by law. As a result, the net liability for post-employment benefits at December 31, 2016 has increased by four million euro, impacting other comprehensive income for the same amount. More information is provided in the notes to the Consolidated Financial Statements.
(3) The Group has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There has been no impact to retained earnings of initially applying IFRS 16 at the date of initial application. Figures 2018 and 2019 relate to continuing operations.
(4) Compliant with IFRS 5.33, the Company has disclosed in its Consolidated Statements of Profit or Loss and Comprehensive Income, a single amount comprising the total of the post-tax profit of discontinued operations and the post-tax gain on the disposal of the net assets constituting the discontinued operation. The Group has sold its reseller business in the US (July 2019) and part of Agfa HealthCare's IT business (May 2020). Therefore, the Company has re-presented these disclosures for prior periods presented being FY 2019.
(5) See Note 12 p. 157

Company profile

The Agfa-Gevaert Group is a leading company in imaging technology, with over 150 years of experience. Agfa develops, manufactures and markets analogue and digital systems for the printing industry, for the healthcare sector, and for specific industrial applications. The Group holds four divisions: Radiology Solutions, HealthCare IT, Digital Print & Chemicals and Offset Solutions. The Agfa-Gevaert Group's financial reporting is based on this divisional structure.

Global production and sales network

The Agfa-Gevaert Group's headquarters and parent company are located in Mortsel, Belgium. The Group's largest production and research centers are located in Belgium, the United States, Canada, Germany, Austria, China and Brazil. Worldwide the Group is commercially active through wholly owned sales organizations in more than 40 countries. In countries where it does not have its own sales organization, the market is served by a network of agents and representatives.

Radiology Solutions

The Radiology Solutions division is a major player in the diagnostic imaging market, providing analog and digital imaging technology to meet the needs of specialized clinicians in hospitals and imaging centers around the world. Agfa's innovative imaging equipment and its leading MUSICA image processing software set standards in productivity, safety, clinical value and cost effectiveness. With over 150 years of experience, Agfa helps its customers to improve the quality and efficiency of their patient care. Every single day, Agfa proves that medical imaging is in its DNA.

HealthCare IT

The HealthCare IT division supports healthcare professionals across the globe with secure, effective, and sustainable imaging data management. Focused on its robust and unified Enterprise Imaging Platform the division helps its clients manage resource allocation, improve productivity and provide clinical confidence with patient-centric contextual intelligence. With its core commitment on delivering value, Agfa HealthCare's technology suits multi-specialty requirements and securely standardizes workflows, to collaborate seamlessly between departments and across geographies. From product development to implementation, Agfa HealthCare's best-of-suite Imaging IT software solutions are purpose-built to reduce complexity and support healthcare providers to achieve their clinical, operational and business strategies.

Digital Print & Chemicals

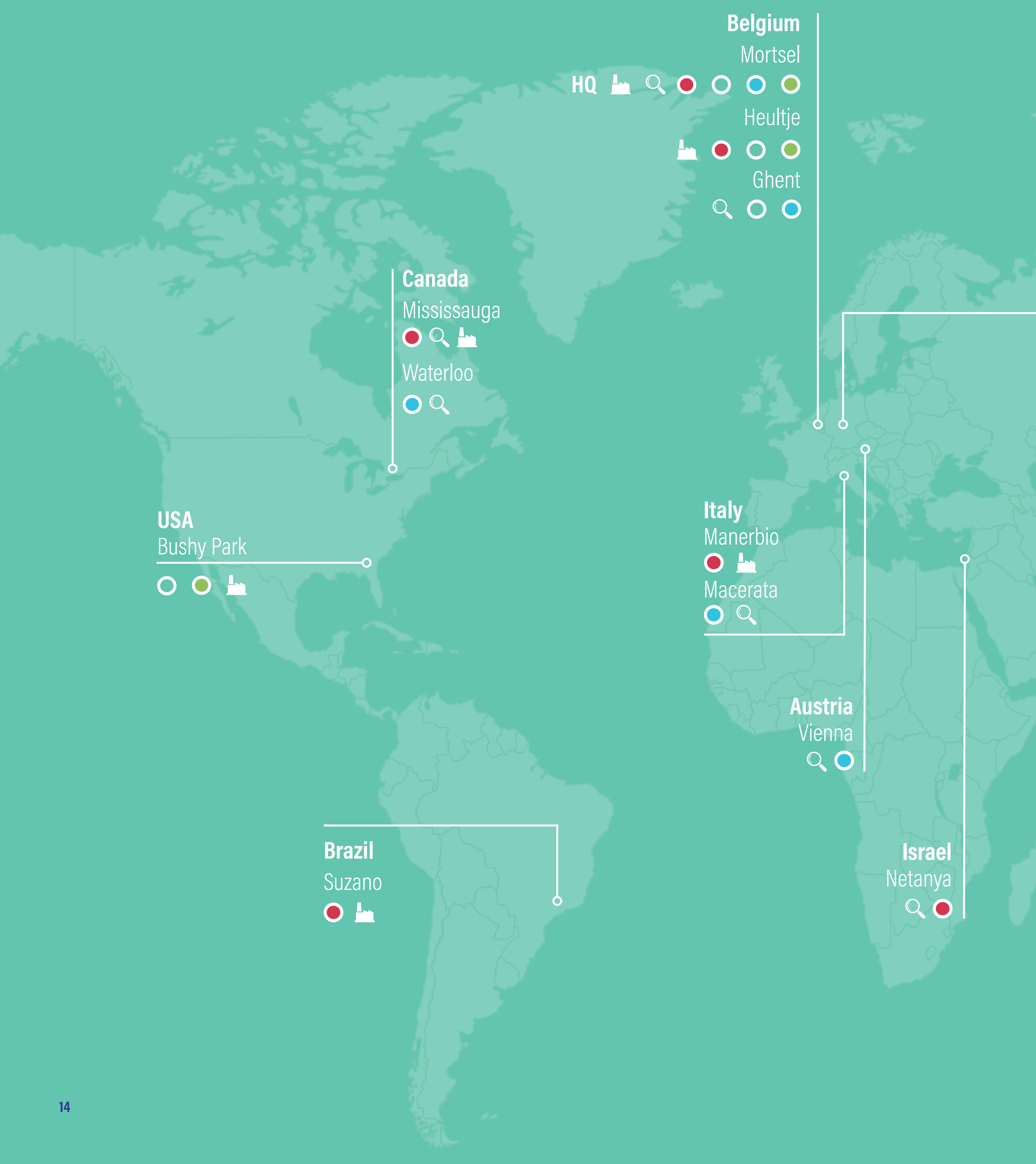
The Digital Printing & Chemicals division serves a great variety of industries. Building on Agfa's expertise in chemistry and its deep knowledge of the graphic arts industry, the division has a leading position in inkjet printing. Agfa supplies sign & display printing companies with a range of highly productive and versatile wide-format inkjet printers with matched inks, powered by dedicated workflow software. In addition, it develops high-performance inkjet inks & fluids for industrial inkjet applications, enabling manufacturers to integrate print into their existing production processes. It also offers dedicated inkjet inks to specific hi-tech industries such as the printed electronics industry. Furthermore, the division supplies membranes to the hydrogen production industry, as well as a range of printable synthetic papers. The product assortment is completed by films for micrography, non-destructive testing, aerial photography and printed circuit board production.

Offset Solutions

The Offset Solutions division is a global leading supplier to the offset printing industry, offering commercial, newspaper and packaging printers the most extensive range of integrated prepress and printing solutions. These span the entire prepress workflow right up to the press with computer-to-plate systems using digital offset printing plates, pressroom supplies, and state-of-the-art software for workflow optimization, color management, screening and print standardization. Agfa's sustainable innovations for offset printing bring value to printing companies in terms of ecology, economy, and extra convenience — or ECO^3.

Agfa in the world

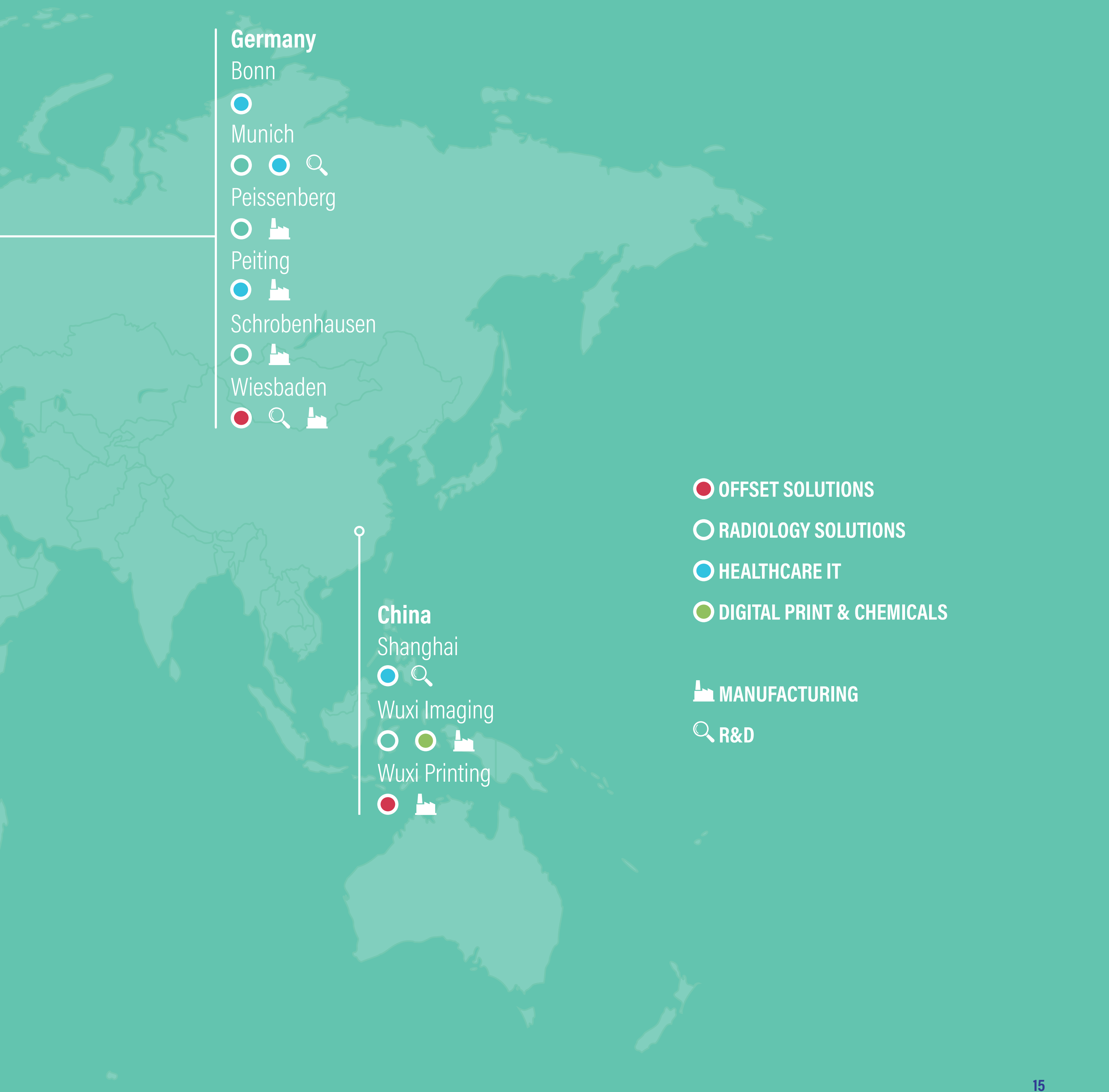
AGFA'S MAJOR MANUFACTURING AND R&D CENTERS



"Agfa is committed to its mission: to be the partner of choice in imaging and information systems in all the markets in which it operates, be it the graphics industry, the healthcare sector or the industrial specialty markets. We do this by offering leading edge technologies, affordable solutions, innovative ways of working, based on our in-depth understanding of the businesses and individual needs of our customers. Investing in innovation and delivering top quality solutions are key in this. Operating in a responsible, sustainable and transparent way is as important. We are convinced that this is the right approach for the long-term success of our Company."

Pascal Juéry,

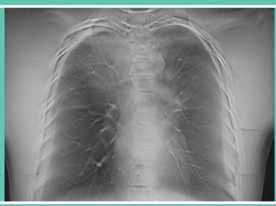
CEO of the Agfa-Gevaert Group



Highlights 2020

1/2
Pascal Juéry becomes the new CEO of the Agfa-Gevaert Group.

18/2
Agfa and TFL enter into a strategic partnership, focusing on the development of Alussa, a dedicated inkjet printing solution to decorate high-quality genuine leathers.



23/3
Agfa launches a digital tomosynthesis solution that adds great value to a wide range of clinical applications.

Since March 2020, Agfa's #CountOnUs and #StrongerTogether initiatives support the healthcare sector's worldwide battle against COVID-19 by co-creating and enabling practical responses to the pandemic crisis. It is a committed response, born out of solidarity, which has transformed into an holistic approach to finding simple, practical solutions to exceptional problems.

In 2020, Agfa supported the healthcare sector's COVID-19 battle by providing its most advanced Chest+ software, for gridless bedside imaging, temporarily for free. Agfa also donated PET-film for the manufacturing of protective masks for the care providers.

4/5
The Agfa-Gevaert Group successfully completes the sale of part of Agfa HealthCare's IT business to the Dedalus Group.

In 2020, almost all professional trade shows in the world were cancelled as a result of the COVID-19 pandemic. In order to keep in touch with its customers, to keep them informed about innovative solutions and to guarantee them the necessary education and training, Agfa created many new virtual events. The many enthusiastic customer reactions convinced Agfa that it needs to continue this sustainable and successful communication platform.

3/6

Agfa and Microsoft connect their XERO Universal Viewer and Microsoft Teams platforms to allow the Princess Alexandra Hospital Trust in the UK to improve collaboration and image sharing between clinicians inside and outside the hospital.

1 MILLION

24/6

Agfa introduces Energy Verve, an offset printing plate that achieves run lengths up to one million copies without baking.

2/7

Just six months after the project kick-off, Agfa's Enterprise Imaging platform goes live at the Midwest facilities of AdventHealth, one of the leading health systems in the USA.

7/7

Agfa announces its plans to expand its inkjet ink production capacity. A new manufacturing plant in Mortsel, Belgium, will focus on water-based inkjet inks.

28/8

Frank Aranzana succeeds Klaus Röhrig as Chairman of Agfa-Gevaert NV.

30/9

Agfa joins the European Clean Hydrogen Alliance. Established by the European Commission, the alliance brings together all stakeholders in the promising hydrogen value chain. Agfa also sets a new efficiency standard in the production of green hydrogen with its ZIRFON UTP 500+ electrolysis membrane.

12/10

Agfa wins two Product of the Year awards from PRINTING United Alliance with its Oberon RTR3300 and Jeti Tauro H3300 wide-format printers.

17/11

Agfa expands its Orgacon® portfolio of functional materials for Printed Electronics applications when it assumes ownership of Clariant's Electronic Materials portfolio.

30/11

At the all-digital RSNA event, Agfa reveals RUBEE™ for AI, which enables hospitals to embed best in class artificial intelligence to their Enterprise Imaging Platform.

Non-financial report

Table of contents

Sustainability

AGFA'S APPROACH TO SUSTAINABILITY MANAGEMENT

We firmly believe that it is our duty to do business in a responsible, sustainable and transparent way. This paramount belief has driven Agfa's long tradition of good corporate citizenship: striving for profitable growth, while making sure that our business strategy accounts for our broader impacts on the environment and on society at large.

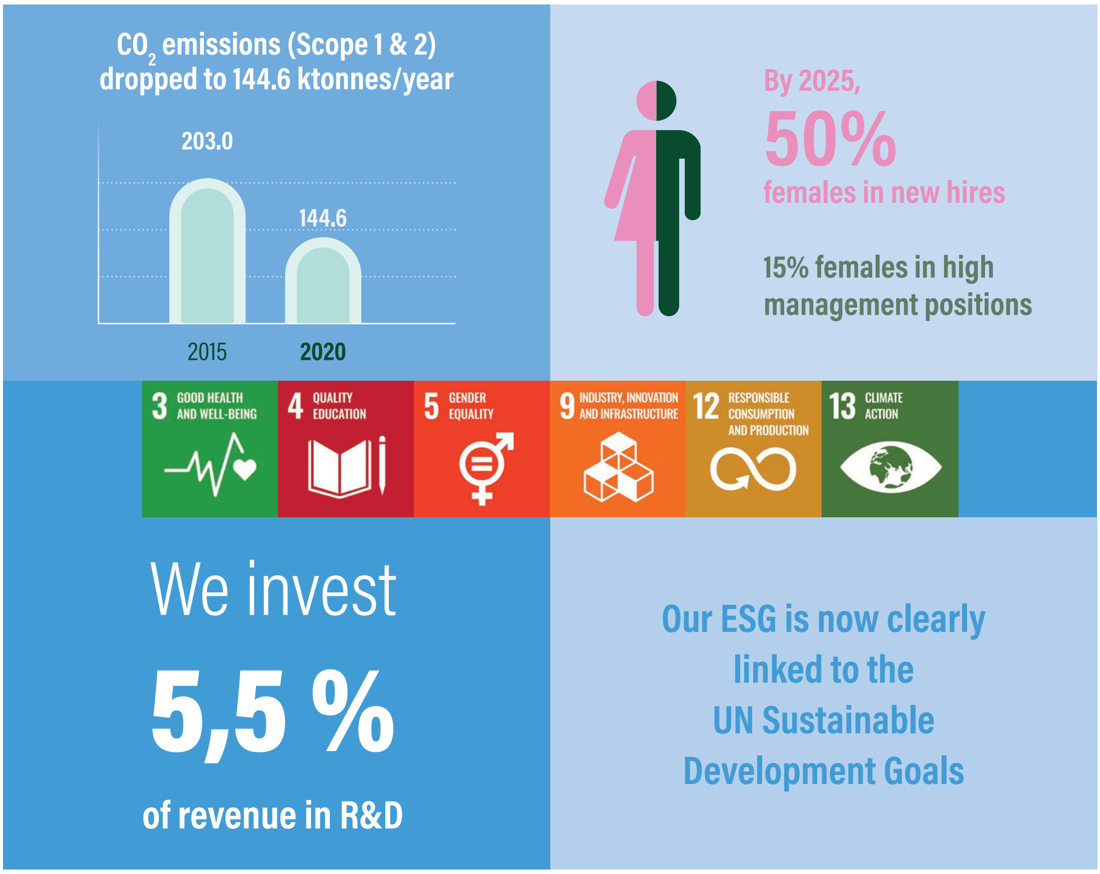
We have been traditionally operating with a high level of excellence, continuously improving our processes, using legal compliance simply as the basis for further optimization. In recent years we have critically reviewed our approach to responsible business to ensure our way of working is aligned with our stakeholders' expectations as well as with our core values and our ambition to keep our role as leading market player. This review made us realize that we needed to bring our Corporate Social Responsibility to the next level by fully incorporating high standards around to Environmental, Social and Governance (ESG) criteria into our day to day business.
This understanding, coupled with an increased collective awareness around global challenges, including the current climate emergency, the well-being of our people in these ever changing times, and the increased markets requirements, prompted us to refine our overall sustainability approach.

2020 at Agfa in a snapshot

In short, 2020 was the year we stepped up our ambition regarding Agfa's sustainability transformation.

While sustainability has always been a part of Agfa's DNA, the efforts and resources to address sustainability priorities and to systematically include them in the business strategy had been so far mainly addressed at team and divisional level. Most of our activities in the course of 2020 were aimed at building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments. In order to do that:

- We linked Agfa's priorities to societal impact at large via the framework provided by the UN 2030 Agenda for Sustainable Development;
- We created the Corporate Sustainability Office to lead the development of Agfa's sustainability strategy, coordinate its implementation, define a clear governance and internal policy and empower each team to translate corporate objectives into team ones;
- We built over our first materiality assessment process – carried out in 2019 – to increase the understanding of our impacts on society at large and set up an action plan to act on the priority areas;
- We set a number of 2025 targets for key material topics and made a time-plan to complete this exercise for the remaining ones;
- We worked towards improving the quality and content of our annual reporting in line with the latest updates of the Global Reporting Initiative (GRI) standards, including an exercise of KPI readiness assessment to verify the robustness of the data;
- We strengthened our dialogue with stakeholders regarding sustainability to understand their expectations and identify areas for partnership and cooperation.



Our priorities

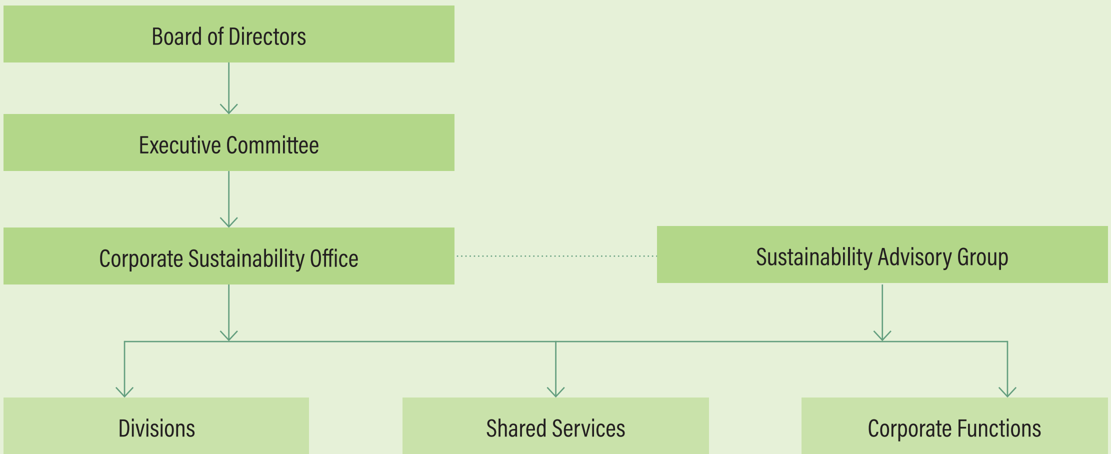
The framework we use to define and interlink our priorities and describe our impacts is the UN 2030 Agenda for Sustainable Development with its 17 Sustainable Development Goals (SDGs).

This helps us to define the objectives of our activities, the different implications at operational level as well as the exchange with peers.

SDG	SDG target	Strategic relevance for Agfa-Gevaert	Material topic
3 GOOD HEALTH AND WELL-BEING	**Good health and well-being** Ensure healthy lives and promote well-being for all at all ages	We want to offer a safe, caring, inspiring and inclusive working environment to our employees worldwide. We also want to market products that are socially responsible, contributing to improving well-being of society at large.	· Health & Safety · Product Stewardship & Service Quality · Employee well-being
4 QUALITY EDUCATION	**Quality education** Ensure inclusive and quality education for all and promote lifelong learning	We see continuous learning and development as key for individual and organizational growth. All employees must therefore be able to further develop their unique capabilities and skills or to acquire new and advanced skills and knowledge.	· Human Capital, Learning & Development
5 GENDER EQUALITY	**Gender equality** Achieve gender equality and empower all women and girls	We want to empower women to thrive in an overall diverse and inclusive organization, where differences are used to build strength in our offer and mirror the society we want to serve.	· Employee well-being, Human Capital, Learning & Development
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, innovation and infrastructure** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Innovation is part of our history and our DNA. We are therefore constantly looking for new ways of responding to the needs of our customers and society at large.	· Sustainable business solutions and production · Innovation and investments
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Responsible consumption and production** Ensure sustainable consumption and production patterns	We believe that responsible consumption and production starts with a strong governance and by taking full ownership of processes across our value chain. Secondly, transforming operations aiming at a fully circular processes would ensure achieving a fully sustainable production.	· Waste management & product recycling · Water use and waste water · Sustainability in the value chain · Resource scarcity and efficiency · Sustainable production · Ethical business conduct and compliance · Respect for Human Rights
13 CLIMATE ACTION	**Climate action** Take urgent action to combat climate change and its impacts	We believe that a thriving society is one based on a thriving natural ecosystem. Hence, we fully support the need for urgent climate action and the objectives set by the Paris agreement. To contribute to this global call for action, we are strongly committed to continuously improve our environmental performance. Firstly, in our own operations, but equally important, by marketing sustainable products and systems that help our customers to contribute to the same objectives.	· Greenhouse gas emissions · Energy usage

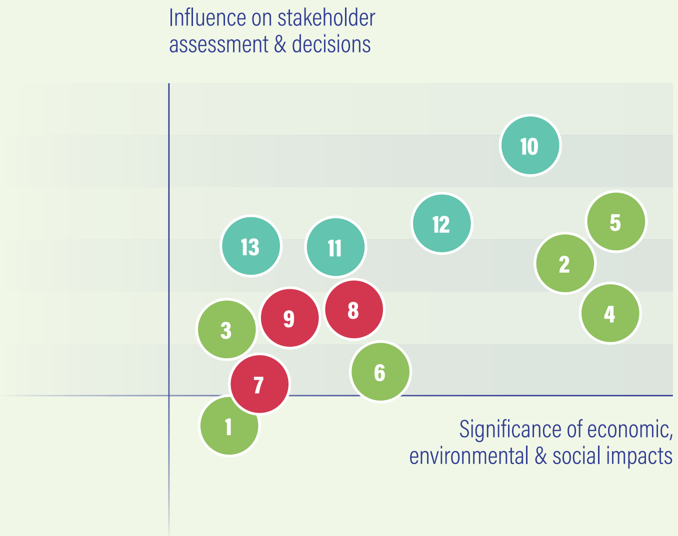
Our governance structure

The governance of all the sustainability related projects is fully integrated into the overall Agfa governance structure as it is part of the core business of the organization. As explained in detail in our publicly available Corporate Governance Charter, this means that the Board of Directors (BoD) is the ultimate management body of Agfa's sustainability strategy. The BoD entrusted the CEO, supported by the Executive Committee (ExCo), to run the daily operations and supervise the implementation of Agfa's Sustainability Strategy.
The Head of Sustainability reports bi-monthly directly to the ExCo and the BoD to provide updates on the progresses and seek strategic advice where needed.
In 2020, management decided to create the Corporate Sustainability Office, together with a fully dedicated FTE in the role of Global Sustainability Manager, to support and coordinate Agfa's teams in stepping up their efforts regarding sustainability.
Since a sustainable business practice entails embedding it in all the processes and at all levels of operations, coordination between regions and between departments and business units is essential to successfully implement the global strategy. Hence, the Corporate Sustainability Office has established the Sustainability Advisory Group, which is composed of high-level managers leading teams across different business functions (i.e. R&D, Procurement, Communications, Human Resources, Corporate Risk, ...). This group provides strategic advice on sustainability matters and ensures efficient exchange of information between departments, especially for those projects where the achievement of sustainability targets relies on programmes in the lead of other existing Agfa committees, e.g. Safety & Health running safety programs or education of plant workers. More details on specific governance for the key material topics is provided in the following chapters of this report under 'Our management approach'.



Materiality assessment

In 2019, we carried out for the first time a thorough materiality assessment to analyze our main non-financial societal impacts. The exercise was done in the context of a CSR workshop, attended by the CEO, Executive Committee members and heads of the R&D Center, Innovation Office, the divisions, Internal Audit, Investor Relations, HR and Corporate Communications. The workshop resulted in the identification of the key priorities on which our sustainability strategy was to be shaped. Six SDGs were selected as the most relevant – based on the potential beneficial impact that our activities can have in reaching these goals – and were grouped around three focus areas: Planet, People and Performance.



Planet

1. Resource scarcity and efficiency (raw materials)
2. Circular economy: Waste management & product recycling
3. Water and waste water
4. Energy usage
5. Greenhouse gas emissions
6. Sustainability in the value chain

People

7. Employee well-being, Human Capital, Learning & Development
8. Respect for Human Rights
9. Health & Safety

Performance

10. Sustainable business solutions and production
11. Innovation and investments
12. Ethical business conduct and compliance
13. Product Stewardship & Service Quality

Figure 1: Upper quadrant Agfa Materiality Matrix
Horizontal axis: potential (positive or negative) economic, environmental & social impacts of Agfa
Vertical axis: impact of the theme on the key Agfa stakeholders

The upper quadrant comprises the 13 themes with the highest materiality for our stakeholders and potential impact of Agfa; these are, therefore, covered with most detail in this report.

Our management realizes that materiality assessment is a constantly evolving process, which needs to be regularly revised. Constant reviews allow to pursue the goal of continuous improvement, gradually stepping up our ambition based on our maturity, and also to ensure relevance of the assessment versus the ever changing societal context we operate in.

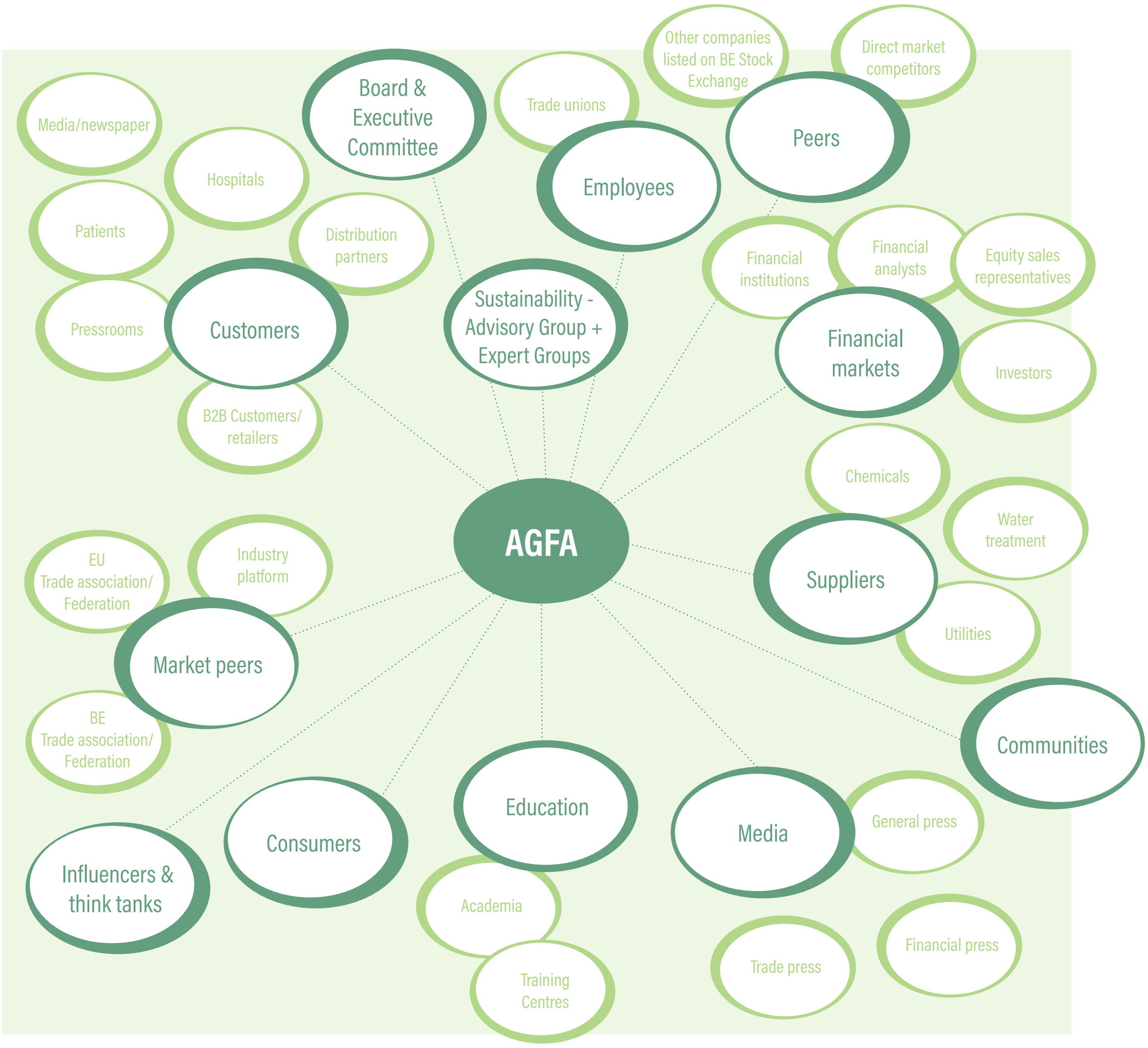
For this reason, we plan to regularly review this initial assessment to ensure that our efforts remain relevant to the business context and to the growing understanding of impacts and teams' awareness of their contribution. The first main review is planned in 2021.

For each of the priority 13 material topics, in 2020 we have carried out an internal mapping exercise, in close cooperation with the different process owners, inspecting systems and documentation to identify existing internal controls, procedures and available data. The mapping served to detail our current management approach, described in this Annual Report, and to identify areas where our processes need to be adapted in the coming months and years.
This internal exercise also served as the basis to raise internal awareness of the sustainability journey Agfa has embarked on and the expectations in terms of future ambition and of annual reporting in line with the GRI standards. Secondly, this mapping triggered internal conversations to identify opportunities for improvement, both in the short and in the long term, channel current and future projects and define the most urgent priorities. This is because our people, being the driver of our interaction with stakeholders, beyond being in control of our own Agfa sustainability performance are those able to benchmark it with that of our peers and to identify expectations around it.

Our stakeholders

We consider stakeholders' engagement as a key process to ensure we do business in the most responsible, efficient and sustainable way. Regular exchange with our stakeholders serves as input to define our business strategy, to understand expectations and needs of the integrated system we are part of, to compare our performance with the one of peers and to acquire new knowledge.

The landscape of Agfa's stakeholders is quite diverse, due to the different markets we serve and the fact that we are a publicly listed company and as such we have reporting and transparency duties. Our stakeholders can be split into internal ones, i.e. our own Agfa employees and trade unions representatives, and external ones, i.e. all those across the value chain.



In general, stakeholder engagement at Agfa is based on a local approach whereby all divisions and sites are required to identify their respective stakeholders and establish suitable ways of engaging with them.
While we have built over time strong relationships with our stakeholders, in 2020 we started strengthening our interactions with them specifically around sustainability. As of 2021 onwards, we will progressively structure our stakeholders' engagement in a way that makes the dialogue about sustainability more efficient and, above all, clarifies how this input is used in building our strategy.

The level of engagement and of interaction with each stakeholders' group depends on the relevance of the topic per each target group and likely varies over time and of the basis of other business priorities.

Employees

To ensure an appropriate level of engagement and of information exchange for its almost 8,000 employees, Agfa makes use of different internal platforms, tools and processes providing a variable level of interaction, some at local level and some at corporate level. Moreover, in each country where it operates, Agfa enters into dialogue with employees' representatives. In most countries, works councils represent the employees. At the European level, a European Works Council is in place. For health and safety matters, local committees, consisting of representatives of the employees and the employer, are active.

In 2020 we:

- intensified the communication of sustainability targets and ambition by using our corporate channels to raise awareness of corporate plans. For instance, by informing colleagues worldwide during the quarterly info tour meeting held by our CEO and ExCo to clarify the company's results and strategy;
- created a new global corporate governance structure that ensures a more participated and informed decisional process regarding sustainability projects;
- ran via the Corporate Sustainability Office more than 50 one-to-one interviews with team leaders and more than 10 presentations to management/strategic teams to share corporate plans on sustainability and get input for the definition of the strategy.

Customers, distributors and suppliers

The dialogue with customers, distributors and suppliers is primarily managed by the divisions through direct contact with sales, service, procurement and marketing departments on different occasions such as trade shows, open house events or tech days. Customer satisfaction surveys are carried out on a regular basis.

In 2020, due to the impact of COVID many of these regular events were canceled. However, we quickly re-structured our engagement strategy to maintain a high level of engagement with our customers. While more details will be provided under the chapter on 'Business Activities', beneath is a summary of how we kept engaging:

- We ran remote IT projects implementations & support;
- We transformed our sales & marketing engagement and our demos to virtual mainly;
- We organized webinars for our customers and further rolled out our e-learning approach to support continuous customers' learning;
- We contributed and attended major global conferences & exhibitions virtually, e.g. the European Congress of Radiology (ECR) and the Radiological Society of North America (RSNA);
- We also ran customer events jointly with our partners at different occasions.

For some of our products at a critical phase of the product portfolio development, in 2020 we organized a number of one-to-one interviews with local distributors focusing specifically on sustainability expectations, to understand different regional needs and trends. For more information on how we engaged with our customers, please refer to pages 96-130.

Financial markets

The engagement with shareholders, (potential) investors and analysts is organized at corporate level under the coordination of the Investor Relations & Corporate Communications department. We regularly organize investor events, shareholder and analyst meetings, roadshows and personal one-on-one meetings with ExCo members and the Investor Relations department.

In 2020 we:

- held our annual shareholders meeting on May 12, 2020. The meeting was held behind closed doors due to the COVID-19 national restrictions and 16 shareholders were represented. The agenda and minutes are available on Agfa's corporate website;
- held approximately 90 one-to-one institutional investor calls to exchange on a series of financial and non-financial topics, mainly addressing key strategic questions around the plans regarding the pension de-risking actions undertaken, the plans to use the proceeds from the sale of part of the Healthcare IT activities and the impact of the COVID-19 crisis.

Market peers, academia and policy makers

The collaboration with market peers, academia and policy makers is essential for Agfa to contribute to broader, industrywide action on sustainable development and to create synergies that expand our knowledge and potential to make a positive impact. These collaborations are normally topic/product-specific and are primarily managed by the divisions through direct contact via research projects, monitoring of market developments via dedicated press/communication channels and exchange in various industry associations.
On a less formal level, members of our senior management are often called upon or volunteer to participate in public fora to discuss our business strategy and sustainable development approach. Such events provide the opportunity to interact with various groups including business leaders, academics and civil society.

Agfa (either as Agfa HealthCare, Agfa Radiology Solutions or Agfa-Gevaert) is an active supportive member of the following associations:

- **AXREM** – UK trade association representing suppliers of diagnostic medical imaging, radiotherapy, healthcare IT and care equipment
- **BELIR** - Belgian Investor Relations Association
- **COCIR** – European trade association representing medical imaging, radiotherapy, health ICT and electromedical industries
- **essenscia** – Belgian Federation of the Chemical Industry
- **EPLF** – Association of European Producers of Laminate Flooring
- **Hydrogen Europe** – European industry, national associations and research centres active in the hydrogen sector (as of 2020)
- **I&P** – European Imaging and Printing Association
- **MedTech Europe** – European trade association for the medical technology industry

Agfa is also part of several networks, for instance:

- **Blauwe Cluster** – Belgian innovation cluster for the sustainable blue economy
- **CATALISTI** – cluster for the chemical and plastics industry in Flanders
- **European Clean Hydrogen Alliance** – to support the EU's commitment to reach carbon neutrality by 2050
- **WaterstofNet** – Belgian catalyst for sustainable hydrogen

Moreover, via the above platforms, Agfa is able to participate to knowledge sharing events and is invited to sit at Advisory Committees or ad hoc working groups organized by partners, such as the Federation of Belgian Enterprises (VBO) and the Belgian Risk Management Association (BELRIM).

"Agfa actively contributes to the activities of various networks such as trade organizations, professional federations, educational institutions, social partners,... We value this engagement as it is key to our success: it facilitates dialogue with our stakeholders, it strengthens our know-how and it fosters new partnerships."

Luc Delagaye, President Offset Solutions division and Chairman of essenscia Vlaanderen

Communities

We see ourselves as part of the communities where our operations are set and where our employees live. This is why we always dedicate time and resources to engage with them, to inform them about what we do, answer questions, listen to suggestions and ideas. In normal times this is done by organizing physical meeting where we can literally meet the community, and in 2020 by using the virtual tools available, like publishing a magazine to be distributed and our websites.

2020 was a special year and we wanted to show our support even more and in a very concrete way. This is why we went the extra mile by helping our neighbors facing the COVID-19 health crisis.

Our values: a new company culture for a company in transformation

At the beginning of 2019, a new organizational structure was implemented in the Agfa-Gevaert Group in order to secure the future of our company by giving the different divisions the strength and the means to develop their own strategy. At the same time, a global project was launched to shape a new, unified corporate culture for the new Agfa. Structure and culture are both essential elements for the success of Agfa's ambitious transformation project in becoming a more simplified, agile and efficient organisation.

After mapping out the existing corporate culture, it was determined that there was a need for new accents. The ultimate goal is a renewed corporate culture with four basic principles: result-oriented (Results), innovative and inquisitive (Learning), self-assured and responsive (Authority), caring and team-oriented (Caring). A crucial part of Agfa's transformation story is the creation of the Innovation Office, which enabled us to embed the innovation concept in our organizational structure.

In 2020, a fifth element was added: Sustainability. By adding this fifth value, we emphasize the increasing importance of sustainability in all our activities. We express our commitment to contribute to a better inclusive working environment and to a sustainable environment for the generations to come.

In 2020, the program reached all of the 850 people managers in the Agfa sites worldwide introducing them the basics of the new corporate culture.

Also in 2020, 603 employees went through face-to-face workshops and online webinars focusing on our cultural values.

Furthermore, 469 profile reports, an internal questionnaire generating people's own personal cultural profile, were completed.

Basis for this annual report

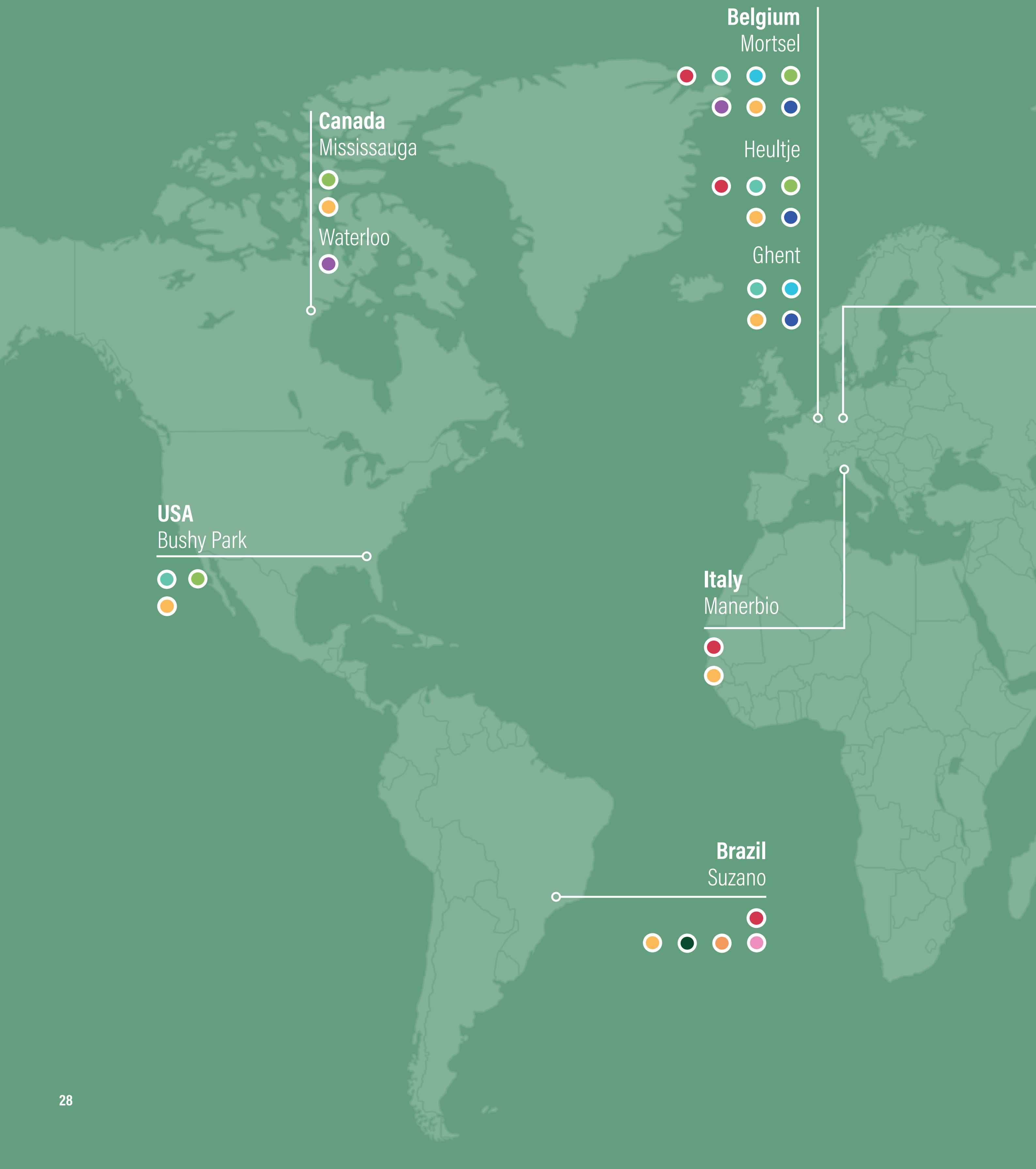
The information covered in this annual report refers to the fiscal year 2020, starting on January 1, 2020 till December 31, 2020.

This annual report complies with the European Non-Financial reporting guidelines (converted into Belgian law of September 3, 2017).

This annual report uses the Global Reporting Initiative (GRI) standards (core option) as main guideline of reference. Agfa understands and acknowledges the GRI standards as a reference to be applied in an incremental way (see also p. 272).

Our Certifications

ENVIRONMENTAL, SAFETY, ENERGY AND QUALTIY MANAGEMENT SYSTEMS




OFFSET SOLUTIONS
RADIOLOGY SOLUTIONS
HEALTHCARE IT
DIGITAL PRINT & CHEMICALS
ISO 9001 QUALITY
ISO 13485 Q MEDICAL
ISO 14001 ENVIRONMENT
OHSAS 18001 SAFETY
ISO 50001 ENERGY
ISO 27001 INFORMATION SECURITY
Germany
Bonn
Munich
Peissenberg
Peiting
Rottenburg
Schrobenhausen
Wiesbaden
China
Wuxi Imaging
Wuxi Printing

Planet

Our values

We believe that a thriving society is one based on a thriving natural ecosystem. Hence, we fully understand the need for urgent climate action and support the objective set by the Paris agreement.
To contribute to this global objective, we are strongly committed to continuously improve our environmental performance: firstly, in our own operations, but equally importantly, by marketing sustainable products and systems that help our own customers contributing to the same objectives.

Agfa's products are designed, developed and manufactured so that production, storage, transport, use, but also end-of-life waste management, have a minimal impact on the environment. Secondly, we make sure to serve markets that are key for the net-zero transition, such as the clean energy market.

Scope of the data reported and reporting process

Unless stated otherwise, the quantitative data reported for the environmental performance cover all Agfa's manufacturing sites and administrative facilities worldwide; sales organizations are excluded from the data scope. In 2020, we discontinued production at the Leeds facility and this caused few issues with the reporting system for this site. For some of the KPIs the figures for 2020 were not available and, in those cases, we clearly flagged it in the report and made a worst-case estimation.
Each manufacturing site is responsible for its own data calculations. A global document of 'Definitions and Explanations' is made available to each site contact point to ensure data are calculated accordingly. Once per year, the SHE global department based in Agfa's head office collects the sites data for consolidation and external reporting using an Excel-based tool.
While the quantitative data always refer to the full scope indicated above, to simplify the reading of this report for some of the material topics, we provide descriptive details on the management approach solely for the sites having the biggest contribution to the overall impact.

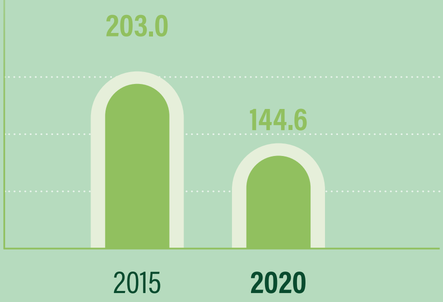
2020 in a snapshot

In short, 2020 was the year we stepped up our ambition regarding Agfa's sustainability transformation. While sustainability has always been a part of Agfa's DNA, the efforts and resources to address sustainability priorities and to systematically include them in the business strategy had been so far mainly addressed at team and divisional level. Most of our activities in the course of 2020 were aimed at building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

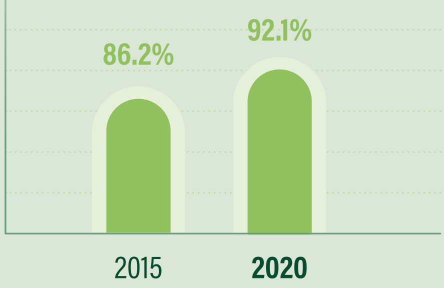
With this in mind, the main focus in 2020 at Agfa was to continue the efforts to reduce our operational footprint, both in terms of energy use and CO_2 emissions, and increase materials circularity and reduce waste generation. Beneath is a summary of the main achievements of 2020, showing the results of our continuous commitment to the highest operational standards.

Since 2020 marked the fifth anniversary of the Paris Agreement, signed in 2015, we decided to take a look back and see how we did.

CO_2 emissions (Scope 1 & 2) dropped to 144.6 ktonnes/year

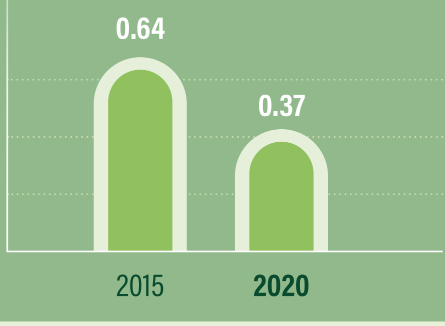


92.1% of generated waste was diverted from disposal

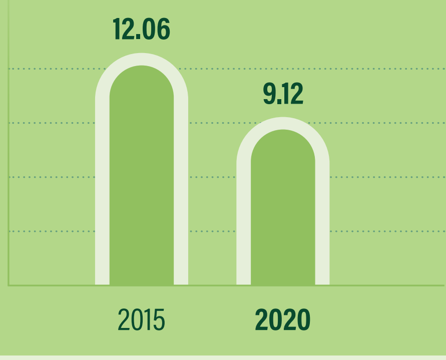


25.8% of the total amount of aluminum used for the production of printing plates was recycled

The specific VOC emissions decreased to 0.37 kg/tonne product, the lowest value over the last 10 years



The specific waste water volume decreased to 9.12 m³/tonne product



1. Circular economy

We believe that a thriving society is one based on a thriving natural ecosystem and that only fully circular manufacturing processes will enable a fully sustainable production. However, according to the 2020 Circularity Gap Report, today the global economy is only 8.6% circular, which means actions to make business circular are urgent and need to be accelerated.
We believe that circular economy, even when resulting from the interlink of numerous complex processes, can be fundamentally explained on the basis of three main principles, as explained by the Ellen MacArthur Foundation:

- Design out waste and pollution;
- Keep products and materials in use;
- Regenerate natural systems.

At Agfa, we use different materials in our manufacturing sites which can be hard to recycle within the existing infrastructure or whose production waste can be difficult to further minimize without a broader change of the business model. These are some of the reasons why circular economy represents for us one of the greatest challenges and, therefore, one of the greatest opportunities in our sustainable transformation journey.

Material topic: Resource scarcity and efficiency (raw materials)

The way Agfa uses Earth's limited resources in a sustainable manner while minimizing impacts on the environment, i.e. how we deliver greater value with less input, decoupling production volumes from materials input.

Relevance and boundaries

We are convinced that reducing the use of raw materials, especially for non-renewable resources, is an essential step in achieving a circular economy. At Agfa, we do that by designing out waste and pollution, i.e. ensuring efficient use of the primary raw materials used as input in our operations, and keeping products and materials in use, i.e. by maximizing the recycling and reuse of any leakage and/or of any secondary material.

The focus of this section of the report is on the recycling of raw materials.

Our management approach

Raw materials efficiency and recycling is coordinated at local level and it is normally material-stream specific. Each production line is in charge of mapping the mass balance between its inputs and outputs and identifying opportunities for improvement. In particular, the production managers are continuously scouting for new ideas. Best available technologies are implemented wherever possible to ensure the highest standards in managing material flows, e.g. reducing losses, increasing output for unit of material input, ...

Beneath more details are provided for the streams of some key materials.

Aluminum

Aluminum is for us an essential material, both for its intrinsic value to Agfa's products, but also for the environmental impacts of its production, e.g. a very high energy demand. To confirm that, in 2020 the European Commission included bauxite, i.e. the precursor of aluminum, in the list of the 30 materials that are essential to the functioning and integrity of a series of industries and, at the same time, have a high supply risk.

Therefore, we aim at raising the bar for the sustainable use of aluminum and increase its use efficiency by:

- Implementing a circular supply chain model for our printing plates (from plate to plate);
- Recycling and preventing landfilling via secondary applications for the scraps (from plate to secondary use).

Plastic

In the case of plastics, the urgency for action is even greater because, in many cases existing infrastructure is not able to provide adequate collection and treatment for the materials placed on the market. This is why on the one hand we are committed to contribute to the development of new technologies and partnerships to transforming waste into value and, on the other hand, we are trying to provide a market for secondary raw materials by incorporating recycled content in our own product portfolio.
Agfa produces more than 100 million m² of polyester-based film annually. Polyester waste from the film production process or used polyester coming back from our customers is recycled in the form of shreds and reused in our production process. For example, our film consists of 60% new PET material and 40% recycled PET.

Here some examples of projects we are part of to contribute to turning plastic into value:

- **Plastics to Precious Chemicals (P2PC)**: to obtain precious chemicals that can compete with virgin oil-based or agro-based chemicals. This government funded project (VLAIO) sees the collaboration of a consortium of two SME's, three industrial partners and two academic partners to evaluate the use fractions of pyrolysis oil originating from plastic waste as a feedstock for chemical industry.
- **PET2VALUE**: upcycling of PET for use in high value applications via supply chain collaboration between Agfa-Gevaert NV, Centexbel, Luxilon, Tenco and BCF, UGent and VUB. The partners will use the PET waste from Agfa's in-house film processing and upcycle it into material that can be used to produce tennis racket strings and 3D printed bike parts, e.g. handlebars, with comparable mechanical properties as the actual materials made of virgin polymers.

Renewable raw materials

The use of renewable feed stock instead of fossil based raw materials is certainly something that is on the spotlight of our R&D efforts. The possibility to use such materials depends on the possibility to maintain the same technical performance and ensure economic viability of the final products. At the same time, it has to be considered in view of the full life cycle, to avoid a regrettable substitution. An example is our project Tune2Bio, a government funded project (VLAIO) that seeks to develop the knowledge and expertise needed to tune the compostability of (bio)polyesters for more sustainable applications. With the support of Centexbel and KULeuven, Agfa partners with Oleon, Sioen, B4plastics to work on film based products and process to reach proof of concept for new and more sustainable products.

Silver

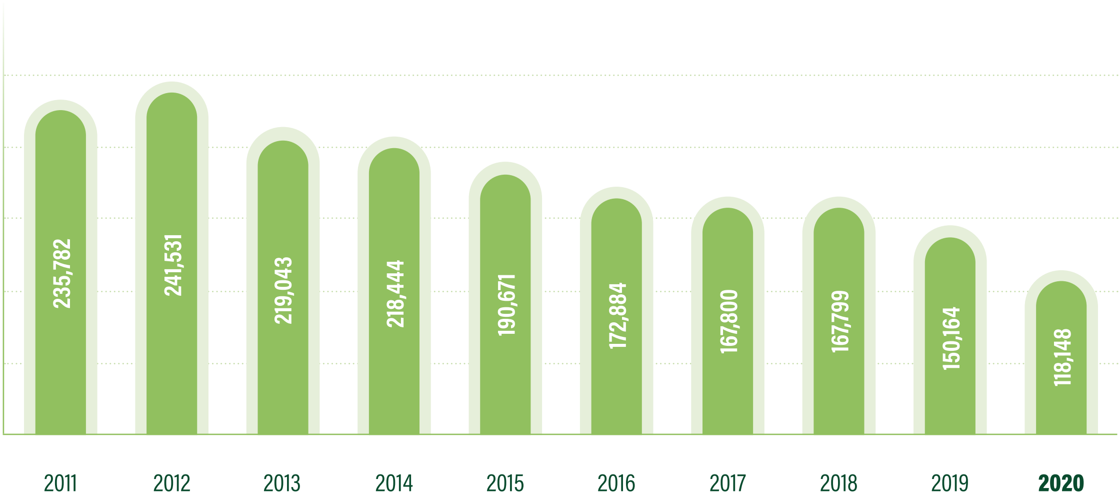
We produce silver-based light sensitive films for imaging products that serve for many applications. Silver halide technology is key in X-ray technology and other medical applications and it is also used to test materials for their safety in a non-destructive way, e.g. pipelines, cars, airplanes, ... The captured X-ray images are recorded on light sensitive films for diagnosis, consultation and archiving. Thanks to its low contact resistance and the high electrical and thermal conductivity, silver is also used in complex printed circuit boards (PCBs) that control all electronic devices.
Silver is therefore an essential material to our business, and we make efforts to recuperate and recycle it as much as possible. Measures to reduce production losses vary between technological improvements and education of the operators whenever it is necessary.

Our indicators

1. Production volumes (tonnes/year)
2. Percentage of aluminum recovery (%)

Our 2020 performance and activities

Product volumes (tonnes/year)



Compared to 2019, the worldwide production volumes have decreased by 21.3%, of which a 17% is coming from the decrease of production at our film mills, due to an overall reduction of market demand.

In terms of relevant changes for specific product lines, in 2020 (PET) film production decreased by approximately 13% and the production of chemicals (including developing fluids) decreased by 22.15%.

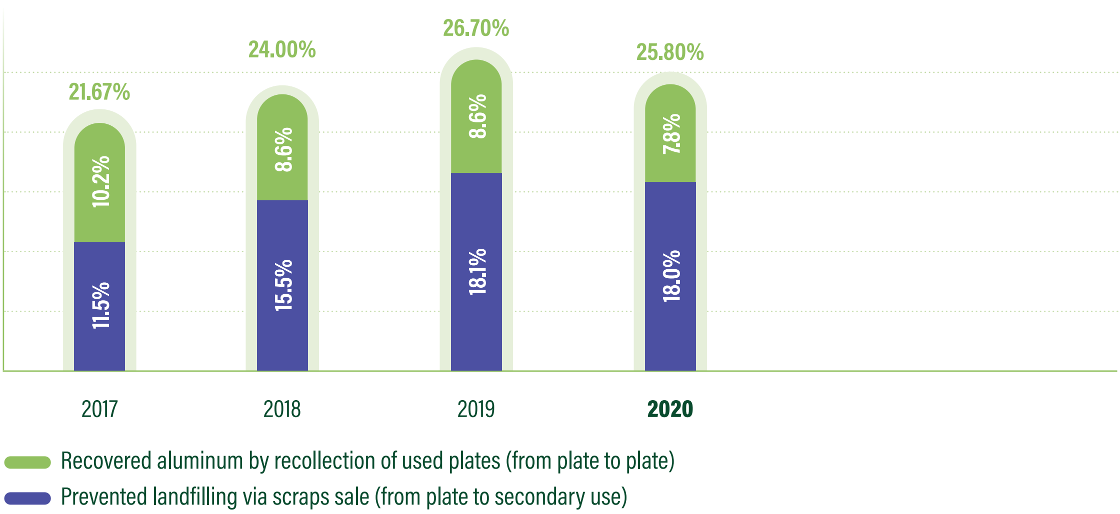
A significant change in the production volumes depended on the fact that in the course 2020 we discontinued production at the Leeds (UK) and Pont-a-Marq (France) facilities. This impacted the global production of printing plates, which fell by 23.9% in 2020.

Percentage of aluminum recovery (%)

In 2020, 25.8% of the total amount of aluminum used for the production of printing plates was recycled. The evolution over time of the percentages reported is impacted by the closure of the plant in Pont-à-Marcq, which in 2019 accounted for approximately 20% of the total contribution to the plate-to-plate model. Moreover, as of 2020 the data scope is broader, including the contribution from Agfa's partner Lucky HuaGuang Graphics Co.

While we see an increase of the total amount of recycled aluminum in 2020 compared to the year the monitoring started, the market is clearly moving towards the recycling of aluminum as secondary raw material. This can be explained by the complexity of the plate-to-plate model, which is an implementable solution only if the partners in the value chain are geographically close, and by the general increase of the recycling by customers themselves.

Percentage of recycled aluminum (versus total volume of used aluminum)



The system is progressively introduced at those customer sites that process sufficient volumes of printing plates and are also organizationally able to enter this system, since it requires an extensive collaboration and engagement across the value chain.

Due to the relevance of the optimization of the process needed to increase materials' efficiency, in January 2020 we have formally appointed one of our managers in Belgium as co-ordinator to handle more efficiently our process of projects proposals to contribute to circular economy.

Material topic: Waste management & product recycling

The way Agfa ensures highly effective waste management, process innovation and optimization aiming at reducing the amount of overall waste produced. This also includes measures aiming at maximizing recycling of products sold.

Relevance and boundaries

We firmly believe that one of the first principles for a successful circular business strategy is to design out waste. This begins with a thorough mapping of waste sources to allow understanding where our production processes can be fine-tuned. Firstly, when waste streams occur we investigate whether we can prevent the waste generation; if not, we move on to considering the potential for internal reuse, which would avoid transport, and then to sell it to third parties. Incineration for energy recovery and then landfilling are considered as last options. Recycling means material recycling, i.e. energy recovery is not included in recycling. Efficient waste separation is extremely important for adequate waste management.
The focus of this section of the report is on the waste management.
In the absence of national definitions, for this chapter the following scope is considered:

- waste: any subject or object set out in Directive 2006/12/EC, which the holder discards, or intends to discard or is required to discard;
- hazardous waste: waste featuring on the list of hazardous waste (Council Decisions 1357/2014 and 2017/997);
- disposal: any of the operations provided for in Directive 2006/12/EC.

Even if outside the scope of this chapter, we also focus on delivering innovative products and solutions that enable our customers to reduce their own waste generation.

Our management approach

Waste management is coordinated at local level and each plant is in charge of mapping its waste generation in all areas of business operations and identifying opportunities for reducing it. While the general drive is certainly to ensure the highest standards for waste management are in place, the local management of our sites is responsible to define the specific waste policy for the site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant.
For instance, all our Belgian sites – together responsible for slightly less than 30% of the overall waste of Agfa – thoroughly monitor waste production throughout the year under the responsibility of the Plant Waste Manager, who prepares each year a detailed report identifying sources of waste per material and per production line. This report is made available to all production managers and is used as the basis to define the 20 priority waste streams for reduction for the following year.
Processes are set up in place to comply as a minimum with the guidelines of ISO 14001. External audits are conducted in accordance with ISO 14001 requirements for those sites that are certified, i.e. Mortsel, Suzano, Wiesbaden and Wuxi. Waste management audits might also be conducted in the context of the assessment of the environmental management system as a whole according to the standard used as a reference at local level.

In partnership with different waste processors, possible optimizations of the waste routing are investigated. The waste we provide is continuously sampled and monitored by the waste processors to identify viable ways to recover materials or energy.

Beyond the efforts to reduce waste generation at the level of operations, we expect all our employees and all our stakeholders to act in an environmentally conscious manner. We see this as a continuous process of raising awareness, adjusting and improving waste separation. To this extent, each plant sets up different activities to raise awareness of its employees about possibilities to reduce waste and save energy, not only at work, but also in the everyday life outside the company, for instance on how to safely and properly dispose of used batteries.

Our indicators

1. Specific waste volume (kg/tonne of product)
2. Share of hazardous and non-hazardous waste (%)
3. Waste directed to disposal (%)
   a. Incineration (without energy recovery)
   b. Incineration (with energy recovery)
   c. Landfill
4. Waste diverted from disposal (%)
   a. Recycling
   b. Physical-chemical treatment
   c. Valorization

Our 2020 performance and activities

Waste volumes (*)

While the absolute volume of waste decreased by 12.2% in 2020, we have recorded an increase of the specific waste volume. We will start an analysis of the waste sources to understand why the waste generation didn't decrease at the same pace of the production volumes and to determine if there are corrective actions possible to address this issue.
The percentage of hazardous waste rose by 8.4% in 2020. Efforts are continuing at all sites to further reduce hazardous waste. However, the closure of the Leeds site increased its contribution to this share after the decommissioning of the facilities.

(*) For the figures regarding waste, the data for 2020 for the Leeds site were not available due to a malfunction of the reporting system. A worst-case estimation was made on the assumption that the site emitted the same amount as in 2019 even if the production volume decreased.

Currently, the percentage of non-hazardous waste amounts to 74% of the total. The ratio between non-hazardous and hazardous waste remains at 3: 1.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Landfill	6,147	6,373	4,103	4,214	3,586	3,462	2,669	2,910	363	295
Incineration	387	296	217	327	227	127	782	527	328	277
Recycling	39,813	44,690	37,220	30,879	29,939	24,603	24,398	24,293	22,836	20,231
Energy recovery	1,484	1,308	1,257	1,173	1,438	1,188	1,057	1,336	1,583	1,387
Physico-chemical treatment	701	632	431	187	119	192	262	146	180	71
Valorization	2,762	2,431	2,270	2,581	2,796	3,141	2,874	3,020	2,895	2,453
TOTAL (tonnes/year)	**51,294**	**55,730**	**45,497**	**39,361**	**38,106**	**32,713**	**32,041**	**32,232**	**28,186**	**24,714**
Non-hazardous	76%	77%	75%	76%	75%	86%	86%	85%	76%	74%
Hazardous	24%	23%	25%	24%	25%	14%	14%	15%	24%	26%

Regarding the destination of the generated waste, the percentage of waste diverted from disposal increased to the record figure of 92.1%. The share of waste that ultimately remains 'waste' and is directed to disposal continues to decrease every year. This trend reflects our continuous commitment to design out waste from our processes. Our commitment translates into a constant high level of awareness and a continuous implementation of small improvements within production to improve processes' efficiency. For instance, in 2020 we used part of our chemical waste from Mortsel for our waste water treatment plant (WWTP) during shut downs and we started a study to install a second twin extruder to reduce waste generation in the PET extrusion line.

Operation Clean Sweep for ZERO PELLET LOSS

Operation Clean Sweep (OCS) is an international program - supported by Plastics Europe - aiming at preventing spills of plastic pellets, i.e. the raw material for plastic manufacturing. Pellets are produced, stored and transported in large volumes; this is why both the manufacturing industry and the transport sector are supporting this initiative. Companies that sign this program are committed to achieve zero pellet loss via monitoring, training of employees, investing in efficient extracting systems, ...

Since 2018, we have been supporting the initiative. We have set up specific actions in our finishing processes to minimize pellet loss. For instance, the lighting in the waste collection room has been optimized, chips from the cutting lines are now transported in closed instead of open containers and we prevent more strictly cracks in transport pipes and sleeves. In addition, we have worked with the SGS company to make an inventory of potential emission points to define where strict measuring is needed.
In light of the above, we have set up prevention and awareness raising programs among employees, by including relevant information in our regular information tours, planning observation rounds on this topic, writing articles in our internal magazines and hanging posters and banners around the plant.

Material topic: Water use and waste water

The way Agfa ensures highly effective water management, prevents waste water and water pollution.

Relevance and boundaries

We acknowledge that water is a shared resource and that access to fresh water is essential for human life and is a basic human right, as recognized by the United Nations (UN). This is why we are fully committed to minimize our water-related impacts, prioritizing actions in areas that are part of water-stressed regions.

As a manufacturing company we use water as process and product water, for sanitary purposes and for cooling. We strive to firstly minimize the amount of water used and then to reduce the water discharged and its pollutants load as much as possible.

Our management approach

Water management is coordinated at local level and each plant is in charge of mapping its water use in all areas of business operations and identifying opportunities for optimizing water consumption, prevent leakages, reduce evaporation losses and pollutants load. While the general drive is certainly to ensure that highest standards for water management are in place, the local management of our sites is responsible to define the specific water policy for the site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant. The profile of the receiving water body is always considered during negotiations with the licensing authorities.

For instance, for all our Belgian sites – together responsible for approximately 46% of the overall water consumption of Agfa – we plan several measurements per month, carried out by an accredited laboratory. Consumptions per month are monitored throughout the year by the PEM Department to identify evolutions or anomalies.

In addition to internal monitoring, external audits are conducted in accordance with ISO 14001 requirements for those sites that are certified, i.e. Mortsel, Suzano, Wiesbaden and Wuxi.

In Agfa's processes, water use is mostly determined by process and cooling water as the two most relevant use categories. Waste water is always pre-treated onsite before discharge to the municipal WWTP to reduce the pollution load. The reuse of waste water directly in our operations before discharge to the WWTP is stimulated – as far as technologically possible.

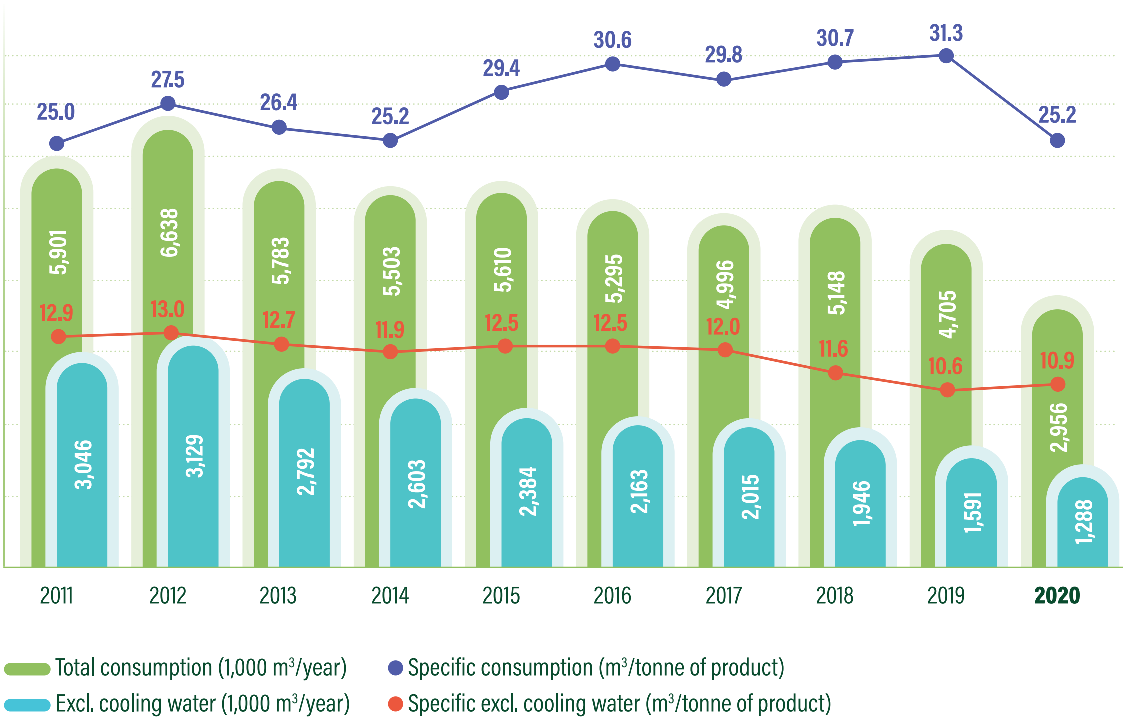
Beyond the efforts to optimize water use at the level of operations, we expect all our employees and all our stakeholders to act in an environmentally conscious manner.

Our indicators

1. Specific water consumption (m^3/year)
2. Specific waste water volume (m^3/tonne of product)
3. Waste water reuse in Mortsel, Belgium (% total water consumption)
4. Waste water pollutant load (tonnes per year)

Our 2020 performance and activities

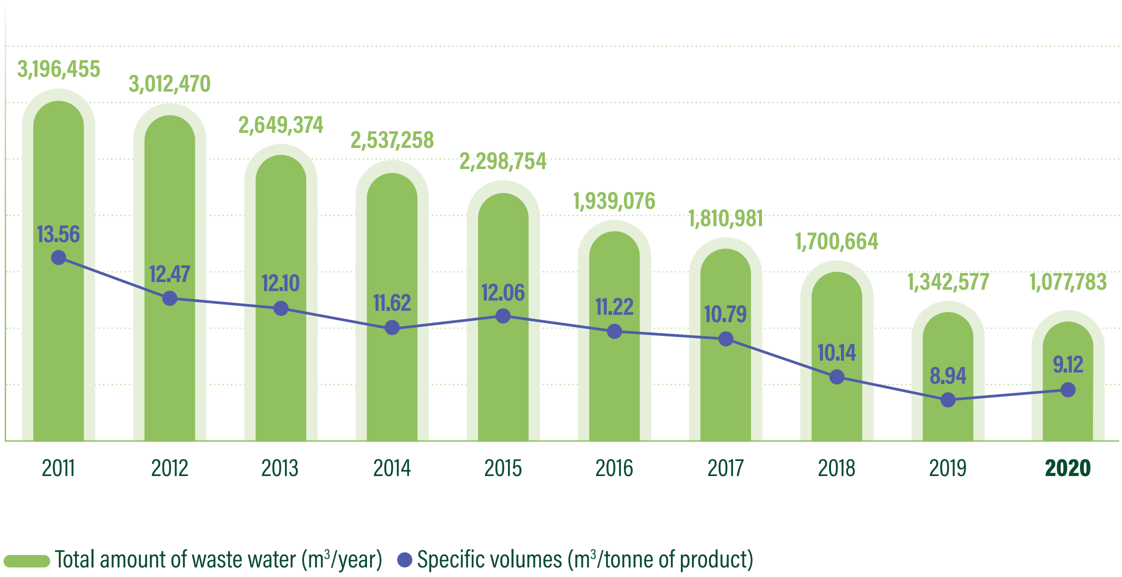
Water consumption



Total water consumption decreased by 36.8% in 2020, almost entirely due to a decrease in the use of cooling water as a result of a decrease in production volumes. Specific water consumption decreased by 19.7% to 25.2 m^3 per tonne of product produced. Specific water consumption excluding cooling water increased by 2.9% to 10.9 m^3 per ton of product produced. Efforts to use water sparingly remain a point of attention. The specific process water consumption decreased to 3.9 m^3 per ton of product produced.

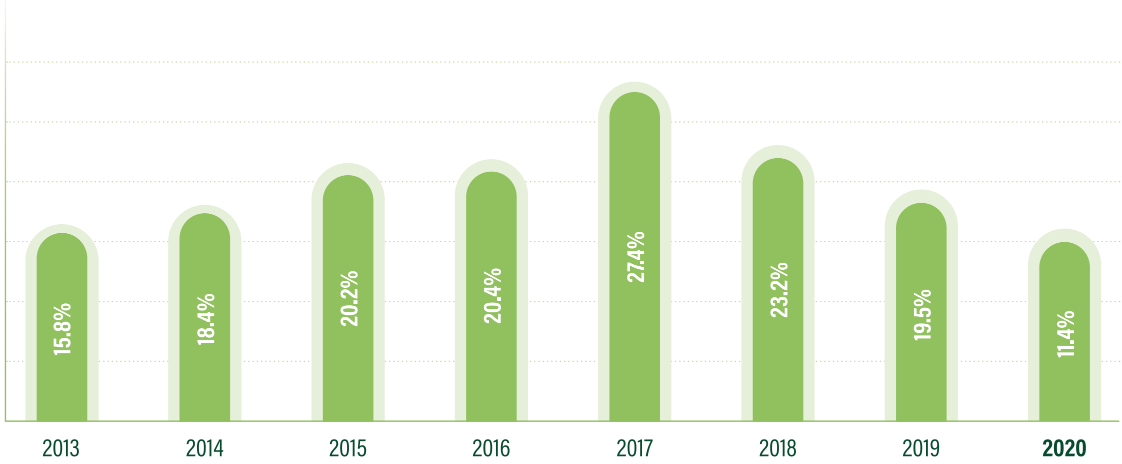
The specific waste water volume slightly increased in 2020, remaining still significantly lower than any value recorded before 2019. This will remain a point of attention in the future.

Waste water volumes



As an example of our efforts to maximize the water reuse internally, we have installed in our head office site in Mortsel a biological water purification system for waste water; this is set up in a way that allows to reuse its effluent as washing or cooling water. In 2020, 11.4% of the total water consumption was reused for useful application. The decrease compared to previous years is due to the overall reduction of water sent to treatment due to reduced production volumes.

Recycled effluent water HQ



Another positive result is the decrease of the specific waste water load, due to the optimization of the water purification system, reflected, among other things, by the lower COD waste load. The residual COD value decreased to 177.8 tonnes/year in 2020, the lowest value ever achieved. The nitrogen (N) value remains almost stable, while the phosphorus (P) value decreased by 68.3%, mostly due to the closure of the Leeds site.

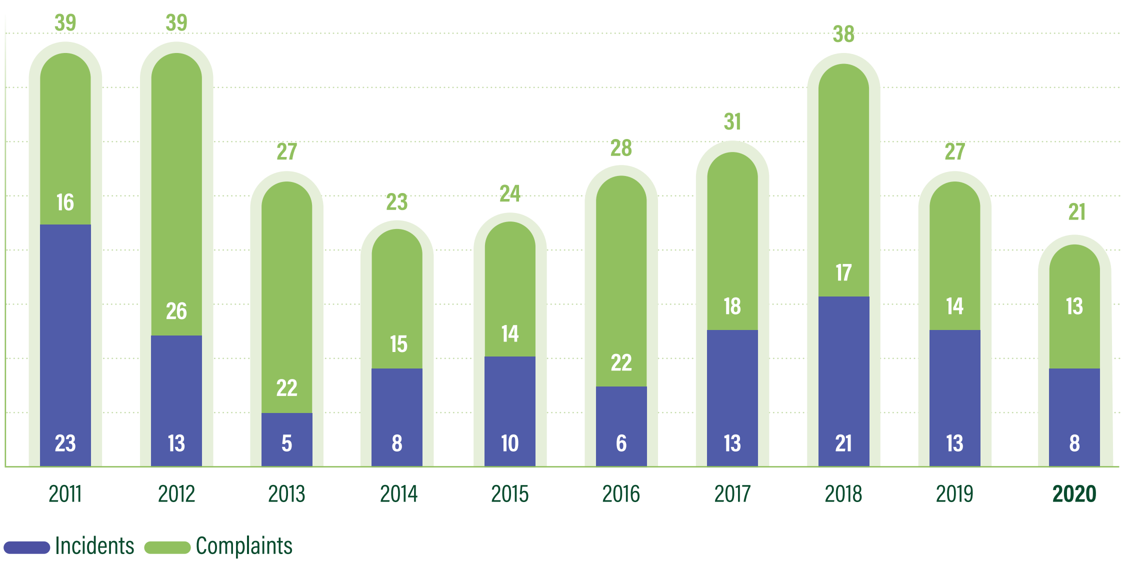
	2011	2012	2013	2014	2015	2016	2017	2018	**2019**	**2020**
Specific volume (m^3/tonne of product)	13.56	12.47	12.10	11.62	12.06	11.22	10.79	10.14	8.94	9.12
COD	1,101.5	524.1	473.1	491.3	462.9	322.7	373.4	347.4	255.4	177.8
N	46.1	17.8	20.4	17.9	15.7	9.5	9.5	12.1	10.7	10.0
P	97.6	97.0	66.5	56.4	54.2	38.1	37.3	34.4	34.4	10.9
AOX	0.6	0.9	0.5	0.4	0.3	0.3	0.3	0.3	0.2	0.1
Heavy metals exl. Al	0.4	0.5	0.5	0.3	0.4	0.4	0.2	0.3	0.2	0.1
Aluminum	30.5	77.5	114.2	34.9	170.4	88.5	40.5	117.2	71.2	52.8
TOTAL (tonnes/year)	**1,276.8**	**717.8**	**675.1**	**601.4**	**703.9**	**459.5**	**461.2**	**511.7**	**372.1**	**251.7**

We are proud to see that the trends of our performance and the specific results achieved reflect the efforts and commitment in the efficiency of water management. This is a point of continuous attention for us and several optimization measures – of a varying degree of impact – are put in place every year. For instance, in 2020 – in the context of overall optimization of on-site water treatment to efficiently operate with a varying water load – we reduced COD from NEP and Methoxypropanol in Mortsel by on-site water treatment of the waste water from the scrubbers on the PET extrusion line, resulting in a reduction of 360 kg COD/day (when production is running with these solvents).

Environmental incidents and complaints

Another aspect that we monitor closely and that we consider relevant as a reflection of our overall performance is the number of environmental incidents and complaints. Incidents are one-off events such as spills or releases, for instance due to a malfunctioning of a machine, while complaints are those raised for instance by the neighbors regarding smell or noise coming from one of our plants. We strive to minimize these occurrences to the extent possible; based on regular monitoring, corrective actions are defined, depending on the severity of the occurrence. Beneath is a summary of the evolution over time of such figures.

Environmental incidents & complaints



Our commitment for the future on circular economy

We strongly believe that circular economy will have an increasing role to play in the future as one of the key process design tools to achieve a sustainable way of doing business. This is why in the coming years we will continue to be committed to improve our performance around three main areas:

1. Maximize resource efficiency at all our sites;
2. Increase the amount of post-industrial recycling of our materials;
3. Increase partnerships with our customers and third parties to identify cooperative business models.

To give an example of the projects in the pipeline: in 2021 we will set up a partnership with Hertecant Flanges and Magazijnen Hendrickx to recuperate rainwater and use it in the production site of Heultje. After running a study to assess the feasibility of different options, the partners already agreed to build a large basin to collect rainwater that Agfa and HF will use for their production needs. Another example is an internal project to maximize resource efficiency on the use of solvents, where we will increase the amount that we can recuperate from process water.

In addition to new technical implementations, we also plan to strengthen all activities of training and awareness raising around key issues.
In the course of 2021, we will also assess the possibility to set global targets on the specific KPIs defined so far and we will prioritize the specific material streams for action.

2. Climate action

Material topic: Energy consumption

The way Agfa manages its energy consumption, plans to reduce it and how this affects emissions. It also includes overall contribution of the company to climate change due to its energy usage and the plans in place or under development to minimize this impact.

Relevance and boundaries

We fully support the global commitments of the Paris Agreement, which means we recognize the importance of sustainable energy consumption and believe that every organization should contribute to a more efficient energy use.
The reporting scope for this annual report covers primary energy, i.e. natural gas, fuel oil, etc., and secondary energy, i.e. purchased electricity and steam. Energy consumption related to the local sites' fleets is not included in the indicators listed beneath.

Even if outside the scope of this chapter, energy efficiency is also an important decision criterion when evaluating and purchasing products and services. Moreover, we also focus on delivering innovative products and solutions that enable our customers to reduce their own energy consumption.

Our management approach

Energy management is coordinated at local level and each plant is in charge of mapping its energy uses in all areas of business operations and identifying opportunities for reducing energy consumption. While the general drive is certainly to ensure the highest standards for energy management are in place, the local management of our sites is responsible to define the specific energy policy for the site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant.

To ensure the highest efficiency in energy use, our sites in Peissenberg, Suzano, Wiesbaden and Wuxi are certified ISO 50001, a standard that provides us with a framework to continually improve energy management.
More details are provided regarding the management approach for Belgium, which with three production sites represents approximately 60% of our Group overall energy use.
Our Belgian facilities comply with the National Energy Policy Agreement (EBO). The government runs an energy audit on the plants every four years to assess the potential for projects to increase energy efficiency. The EBO sets applicability criteria defining thresholds for primary energy use and an EBO annual report is prepared annually. Moreover, an Energy Management Team is in charge of monitoring and planning of projects that can improve the overall energy efficiency, be it by reducing leakages from buildings, upgrading of machineries, purchasing of electricity, … This team reports directly to the Production Plant Manager, who supervises the overall production performance for Belgium. Beyond technical machineries maintenance, employees are regularly trained to ensure efficiency in the operations. All works on machineries are carried out by recognized technicians and every leak is reported to the government trough a logbook system.

Beyond the efforts to reduce the energy consumption at the level of operations, we expect our employees to act in an energy-conscious manner and we set measures, e.g. shut down the heating of empty buildings during holidays, to be mindful about our overall impact.

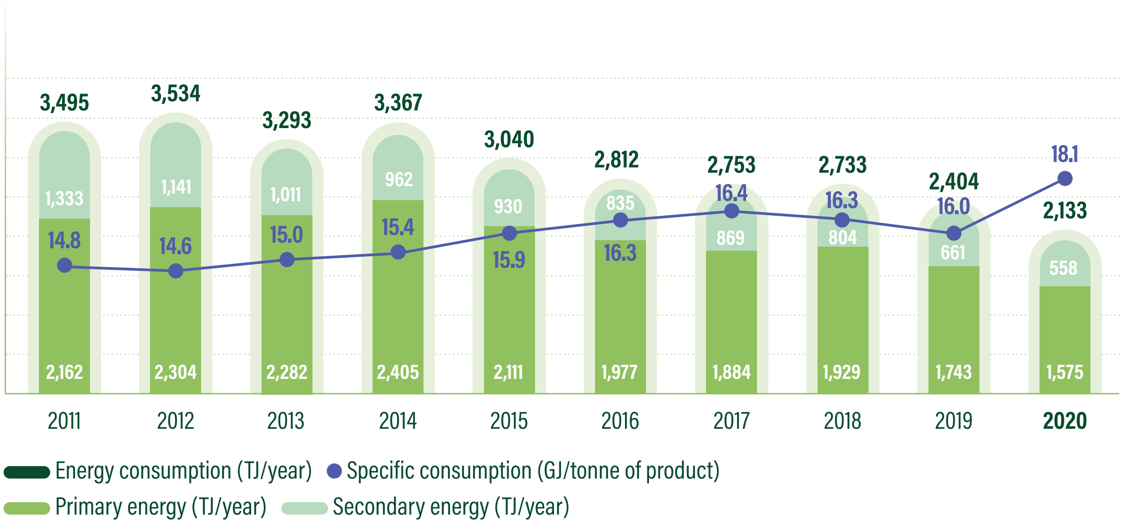
To evaluate our management approach, in 2020 we carried out with external experts' support a thorough exercise of readiness assessment of the data management system for the KPI on 'Energy consumption'. This exercise served to review relevant aspects of the data management system and ensure that adequate internal controls are in place to ensure sufficient data quality and robustness. The exercise identified few areas of improvement related to clear definition of the KPI scope, guidance on the conversion factors to be used by local sites and clarity of the governance structure to report and review the KPIs. These gaps will be addressed in the context of the overall improvement of the KPI reporting.

Our indicators

1. Total energy consumption (TJ/year)
2. Energy consumption of primary and secondary energy (TJ/year)
3. Specific energy consumption (GJ/tonne of product produced)

Our 2020 performance and activities

Energy consumption



Total energy consumption (primary and secondary together) decreased by 11.3% in 2020. Consumption decreased overall due to the lower production volumes and the discontinuation of production in Leeds and Pont-a-Marcq. The decrease in total energy consumption was due to both reductions in primary (natural gas, fuel oil) and secondary (electricity and steam) energy, for which total figures decreased by 9.7% and 15.5% respectively from 2019.

The reduction in secondary energy was mainly driven by the closure of the Leeds site and by the reduced amount of purchased electricity used for our installation of combined heat and power plants at the Mortsel film factory, one of the biggest contributors to our overall global energy consumption.

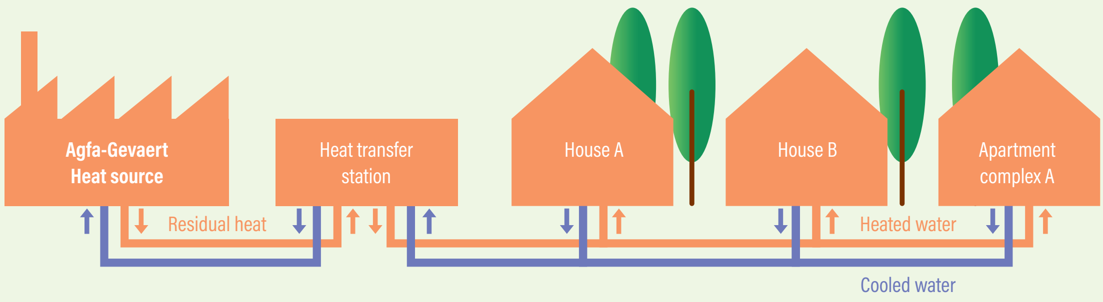
The specific energy consumption did not follow the decreasing trend of absolute consumption and in 2020 it increased by 12.7% to 18.1 GJ per tonne of product produced. This is because it takes some time to adapt the organization processes in place to support a decrease in production. While we are glad that the absolute impact of our energy consumption reflects our commitment to continuous improvement of our processes, in the coming years we will strive for decoupling energy consumption from production to reduce also the specific consumption.

In 2020, the following investments were made to reduce our energy consumption and to improve the efficiency:

- We replaced a gas turbine for our CHP in Mortsel with a more efficient unit, which increased our own electricity production by 2,320 MWh;
- We continued improving the energy efficiency in buildings at our Mortsel site by:
  - upgrading to LED lamp lighting, reducing our annual electricity consumption by 100 MWh;
  - replacing electric heating in a number of buildings by thermal heating, reducing our annual electricity consumption by 30 kWh;
- We remediated central heating boilers in Heultje, resulting in a reduction of our gas consumption by 140 MWh.

A Flemish heat-net thanks to Agfa's residual heat!

Beyond optimizing our in-house processes, another way to maximize the efficient use of energy is to join forces with others. 'Warmte Verzilverd' is a project in Flanders with direct citizen participation, aimed at using industrial residual heat to provide homes with heating. The residual heat from our Mortsel site will supply the central heating and sanitary needs of more than 300 households.
The project is funded with direct citizen participation and financially supported by the Flemish government.



Material topic: Greenhouse gases (GHG) emissions

The way Agfa assesses its GHG emissions, plans to reduce them and its overall contribution to climate change.

Relevance and boundaries

We fully support the need for urgent climate action and the objectives set by the Paris Agreement. To contribute to this global call for action, Agfa is strongly committed to continuously improve its environmental performance. Firstly, in its own operations, but equally importantly, by placing on the market sustainable products and systems that help our own customers contributing to the same objectives.

We understand GHGs as those set out by the UN Kyoto Protocol.
The data reported cover the sites under operational control of Agfa, i.e. Agfa manufacturing sites and administrative facilities worldwide; sales organizations are excluded from the data scope.
The reporting scope of the data in this annual report covers:

- Direct (Scope 1) emissions from;
  - Generation of electricity, heating, cooling and steam;
  - Physical or chemical processing;
  - Fugitive emissions ;
- Energy indirect (Scope 2) emissions from;
  - Generation of purchased electricity, heating, cooling and steam.

Direct (Scope 1) emissions coming from transportation of materials, products, waste workers and passengers are not in scope. Other indirect (Scope 3) emissions are not in the scope for the time being.
The data reported refer to CO_2 equivalents generated from the activities' scope indicated above. Other GHGs emissions, e.g. CH4, PFCs, NF3, are not in scope of the calculations.

Even if outside the scope of this chapter, GHG emissions are also an important decision criterion when evaluating and purchasing products and services. Moreover, we also focus on delivering innovative products and solutions that enable our customers to reduce their own GHG emissions.

Our management approach

The management of GHG emissions is coordinated at local level and each plant is in charge of mapping its emissions in all areas of business operations and identifying opportunities for reducing them. While the general drive is certainly to ensure that highest standards for emissions management are in place, the local management of our sites is responsible to define the specific policy for the site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant.

The direct (scope 1) GHG emissions are calculated as tonnes of CO_2 equivalents by multiplying the amounts of fuels with corresponding emission factors. The conversion factors used for natural gas, liquid fuel and coal are those recommended by CEFIC. Regarding the calculations for energy indirect (scope 2) emissions, the conversion factor used depends on the site.

More details are provided regarding the management approach for Belgium, which with three production sites represents approximately 50% of our Groups overall GHG emissions.
In addition to the provisions from the National Energy Policy Agreement (EBO), our Belgian sites comply with the caps set by the European Emission Trading System (ETS). On this basis, we annually report our GHG emissions data to the government by the end of March. As of 2020, due to optimization projects and to the implementation of a low temperature waste heat grid, the Belgian site of Heultje is no longer covered by the ETS scope.
Moreover, an Energy Management Team is in charge of monitoring and planning of projects that can improve the overall energy efficiency, be it by reducing leakages from buildings, upgrading of machineries, purchasing of electricity, ... This team reports directly to the Production Plant Manager, who supervises the overall production performance for Belgium.
Beyond technical machineries maintenance, employees are regularly trained to ensure efficiency in the operations.
The Energy Management Team is also in charge of calculating the annual GHG emission. Regarding the calculations for energy indirect (Scope 2) emissions, the CO_2 conversion factors are calculated following the recommendations of the Belgian EBO and using the hourly gas mixture received from our electricity supplier.

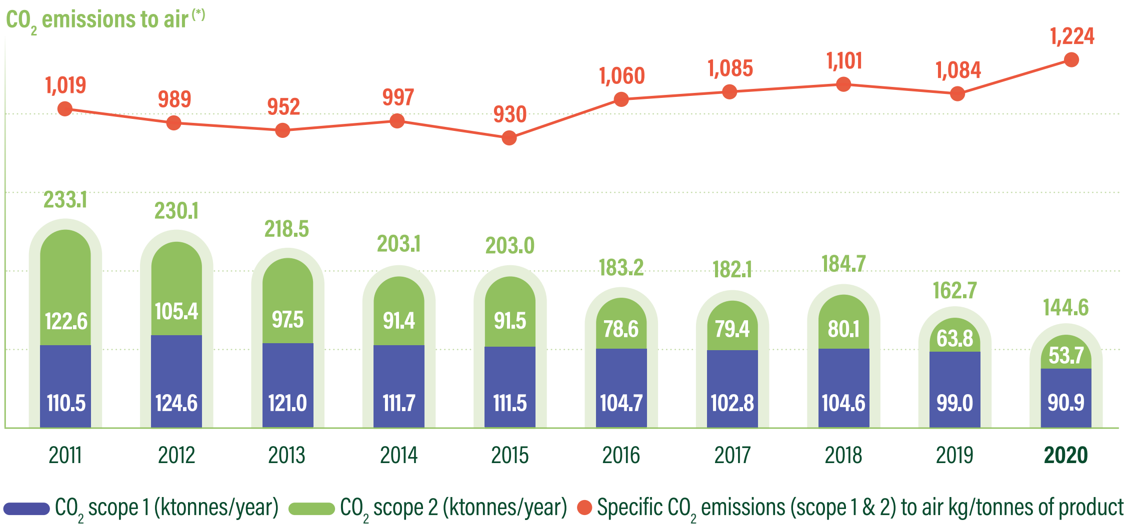
Beyond the efforts to reduce the GHG at the level of operations, we expect our employees to act in an environmentally conscious manner and we set measures to be mindful about our overall impact.

To evaluate our management approach, in 2020 we carried out with external experts' support a thorough exercise of readiness assessment of the data management system for the KPI on 'CO_2 emissions.' This exercise served to review relevant aspects of the data management system and ensure that adequate internal controls are in place to ensure sufficient data quality and robustness. The exercise identified few areas of improvement related to clear definition of the KPI scope and clarity of the governance structure to report and review the KPIs. These gaps will be addressed in the context of the overall improvement of the KPI reporting.

Our indicators

1. Direct CO_2 emissions (scope 1) to air (ktonnes/year)
2. Indirect CO_2 emissions (scope 2) to air (ktonnes/year)
3. Specific CO_2 emissions to air (ktonnes/product produced)

Our 2020 performance and activities



(*) For the figures regarding scope 2 emissions, the data for 2020 were not available for the sites of Bushy Park and Leeds due to a malfunction of the reporting system. A worst-case estimation was made on the assumption that the site emitted the same amount as in 2019 even if the production volume decreased.

In 2020, the absolute amount of direct CO_2 emissions (scope 1) decreased by 8.1%, and the indirect emissions (scope 2) by 15.8%. The specific CO_2 emissions to air did not follow the decreasing trend of absolute emissions. This is because it takes some time to adapt the organization processes in place to support a decrease in production. While we are glad that the absolute impact of our CO_2 emissions reflects our commitment to continuous improvement of our processes, in the coming years we will strive for decoupling emissions from production to reduce also the specific emissions.

The reduction of GHG emissions from our own operation is a point of continuous attention and it is extremely important as a reflection of our company's commitment towards fighting climate change. This is why several optimization measures – of a varying degree of impact – are put in place every year. For instance, in 2020, in addition to the activities listed under the energy consumption topic, we also carried out a thorough mapping of emission sources and identified priority areas for action. Moreover, we are considering our impact beyond operations and we started a project of electrification of our Belgian car park to gradually transition to electric vehicles in the coming years.

We are on the move

Beyond addressing the emissions that occur directly at our production lines, we strive to reduce our footprint in all areas of our processes. This is why, wherever possible, we started the electrification of our plants' fleet. While this is a process that will take a few years, in Mortsel electric vehicles already represent 25% of our fleet.

Material topic: Other emissions to air

The way Agfa assesses its emissions to air going beyond Greenhouse gases (GHG).

Relevance and boundaries

Even if we do not formally identify this topic as material in our materiality matrix, air emissions going beyond GHGs are normally managed together and they are pollutants with adverse effects on climate, ecosystems and air quality. Hence, striving to address these emissions is part of our overall strategy of continuously improving our environmental performance and reducing our impacts. The reporting scope of the data in this annual report covers:

- Ozone-depleting substances;
- NO_x (calculated as NO_2);
- SO_2;
- Volatile Organic Compounds (VOC);
- Volatile Inorganic Compounds (VIC), e.g. HNO_3, HCl, NH_3, H_4N_2, Cl_2, F_2, HF, H_2S, HCN.

Our management approach

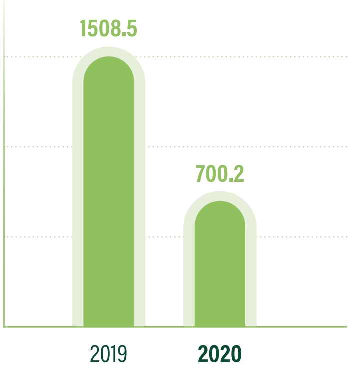
As for other topics strictly linked to operational performance, the management of emissions to air is coordinated at local level and each plant is in charge of mapping its emissions in all areas of business operations and identifying opportunities for their reduction. Air emissions must be closely monitored to comply with local regulations and emission limits might apply in some countries for specific compounds according to local guidelines. Processes are set up in place to comply as a minimum with the guidelines of ISO 14001.

Our indicators

1. Emissions of ozone-depleting substances (kg R11 equivalents/year)
2. NO_x, SO_2, VOC, VIC emissions (tonnes/year)
3. VOC emissions (tonnes/year)

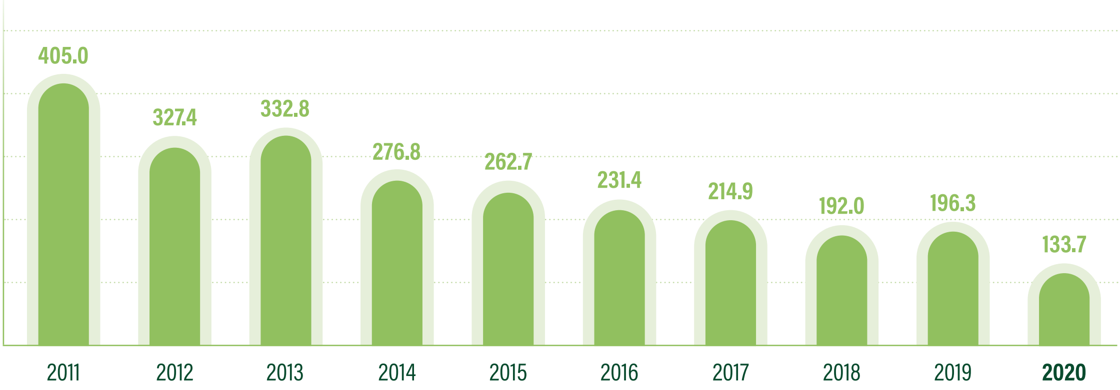
Our 2020 performance and activities

Ozone-depleting substances
(CO_2 tonnes equivalent/year)



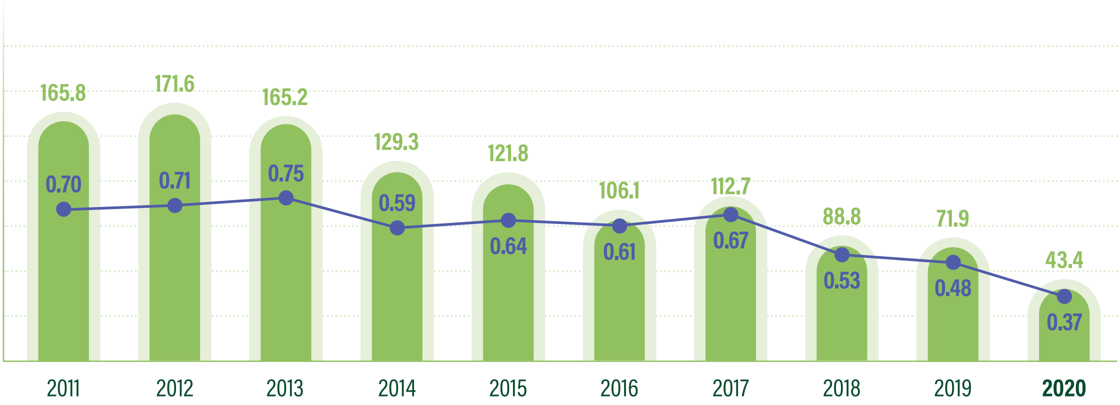
In 2019, we had recorded unusually high emissions of ozone-depleting substances. This was due to a severe malfunction after maintenance work on two cooling machines at our Mortsel site. All necessary corrective actions have been taken to prevent a recurrence and, as a result, in 2020 the amount of emitted ozone depleting substances decreased by half. We are also planning to replace some of the cooling machines in the future with more efficient ones, which should help to further reduce these emissions. As part of these corrective actions we have also looked at the data collection process and spotted some misalignment in the calculations methodologies between some of the sites. For this reason, we only report the data for 2020 and 2019, which we consider more representative for data comparison purposes as they have been calculated in the same way by all sites.

NO_x, SO_2, VOC, VIC emissions to air



	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
NO_x	150.3	142.1	141.6	140.4	137.5	120.3	99.4	99.0	119.0	86.8
SO_2	40.7	9.7	23.5	5.1	1.5	1.5	0.8	1.5	2.7	1.1
VOC	165.6	171.6	165.2	129.3	121.8	106.1	112.7	88.7	71.9	43.4
VIC	48.5	4.0	2.5	2.0	1.9	3.5	2.0	2.8	2.8	2.4
TOTAL (tonnes/year)	**405.1**	**327.4**	**332.8**	**276.8**	**262.7**	**231.4**	**214.9**	**192.0**	**196.3**	**133.7**

VOC emissions to air



As a result of continuous efforts and process optimization, the trend of the VOC emissions is in continuous decrease and the absolute emissions decreased by 39.6% in 2020. In parallel, the specific VOC emissions decreased to 0.37 kg per tonne of product produced, the lowest value over the last 10 years.

We also continue to increase the share of solvent recovery through better operation and adjustments of the installations. A decrease also is the result of various optimizations made possible by an automated follow-up of the solvent balance.

Our commitment for the future on climate action

The commitment towards decoupling GHG emissions and energy use from production volumes will be one of the focus points of our work in the coming years.

We will reflect this commitment in our corporate strategy by setting a global target concerning the reduction of our operational footprint, by gradually increasing the use of renewable energy within our sites globally and by defining how to account for scope 3 emissions across our value chain. We will also fully support the development and implementation of the new European Green Deal, which is a key tool to achieve sustainable development. We will use it as a guiding framework also for our plants outside the EU. We consider this of the utmost importance to drive the entire industry towards more sustainable production and we will fully support it both via all our sectors' associations and our own processes.

To support the commitment above, in addition to new technical implementations, we also plan to strengthen all those activities of training and awareness raising around key issues.

Beneath are some examples of concrete projects already in the pipeline for 2021; to deliver on our global ambition we plan to:

- Install an absorption heating pump in Mortsel which will enable increasing our own electricity production capacity;
- Replace the adiabatic air cooler for one of our CHP in Mortsel to increase the on-site energy production;
- Refine our data management system to address the gaps identified by the readiness assessment exercise;
- Install solar panels in our site in Mortsel to increase the % of renewable energy source;
- Increase the heat recovery from our CPH2, resulting in approximately 1,000 tonnes reduction of CO_2 (scope 1).

People

Our values

Agfa owes its success to its people and builds its future on the competences, passion, creativity and commitment of all its teams.
For this reason, our first commitment is towards our own employees and their families, striving to be the best possible employer by creating a safe, caring, inspiring and inclusive work environment with equal opportunities to thrive and grow. This also encompasses the corporate cultural values we promote as a company: our drive to achieve results, learning on a company level, listening to our customers and being market-driven.
Secondly, our efforts are towards society at large, helping our customers to improve quality and efficiency of patients' care, with their well-being at the center of the innovations of our healthcare activities.

Scope of the data reported and reporting process

The quantitative data reported for the sections under 'PEOPLE' cover all Agfa Group entities, i.e. manufacturing sites worldwide, administrative facilities and sales organizations. Individuals that have an employment contract with Agfa, including contracts with an in-active (temporarily suspended) status are in scope. Outsourced activities, external consultants, temporary staff hired from employment agencies (or on payroll of the agency) are excluded from the data scope.

The quantitative data reported in this section of the annual report are globally collected by the HR department, using a single source SAP database to centralize the information. An internal report is generated monthly to monitor changes.

2020 in a snapshot

In short, 2020 was the year we stepped up our ambition regarding Agfa sustainability transformation, while facing an unprecedented challenge in managing the impacts of a worldwide pandemic.

While sustainability has always been a part of Agfa's DNA, the efforts and resources to address sustainability priorities and to systematically include them in the business strategy had been so far mainly addressed at team and divisional level. Most of our activities in the course of 2020 were aimed at building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

With this in mind, Agfa's main focus in 2020 was to:
- Ensure safety for all our workers during this unprecedented global COVID-19 crisis;
- Support our people's managers through a challenging year by providing resources to coach and support team members, emphasizing empathy and resilience. Our efforts led to a 15-fold increase in access to virtual collaboration courses;
- Set 2025 targets regarding Gender Diversity and Safety in the workplace;
- Continue the implementation and strengthen the roll-out of our renewed corporate culture, reaching 850 people managers;
- Set the basis for a Gender Diversity Global plan as first step for a broader policy on Diversity & Inclusion;
- Launch virtual learning channels (bundled resources) available on our learning platform to support employees working virtually. We recorded a 16-fold increase in organizing physical and digital workplace access to resources;
- Adapt to the new way of working by launching - completely virtually - our New Leaders Track for 25 people newly become people managers.

To serve society at large in 2020 we:
- Supported healthcare frontline workers to face the COVID-19 crisis by providing specific configurations in our solutions support
- Shared the Agfa HealthCare XERO viewer & Microsoft Teams integration for faster COVID-19 response
- Teamed up with Dell Technologies and Barco to deliver complete solutions for remote diagnostics reading

People are our priority during COVID-19:
#safetyfirst #countonus #strongertogether

By 2025,
50%
females in new hires

15% females in high management positions

Our ultimate goal: to ensure a **safe, inspiring, diverse and inclusive** work environment, with **equal opportunities to thrive and grow!**

By 2025, decrease accidents with one day lost by **50%**

850
people managers

trained in the new corporate culture program

1. Health and safety

Material topic: Employees health and safety

The way Agfa ensures the health and safety of its human capital, starting with general health and safety management, including occupational safety and industrial hygiene.

Relevance and boundaries

General health & safety (H&S) management, including occupational safety and industrial hygiene, is the series of processes set in place to prevent work related injuries and accidents, monitor and evaluate employees' potential exposure to any hazard, both physical and psychological, and ensure proper identification and corrective actions in those cases where preventive measures fail.
The health and safety of our employees are paramount for us. We consider it a moral obligation to provide everyone with work conditions that ensure safety at all times. Furthermore, all employees should take responsibility for their own safety and that of their colleagues and guests. Unsafe behavior is immediately addressed, also with regard to visitors, contractors and suppliers: safe working is an absolute must in order to be allowed to work at and with Agfa.

Our management approach

The different activities around H&E management are built on the basis of our internal Corporate Safety, Health and Environment (SH&E) policy. Each division unit appoints a SH&E Manager who contributes to the roll-out and evaluation of the corporate SH&E policy and objectives and is member of the Corporate SH&E Management Committee.
At least every three years the SH&E Management Committee evaluates the policy, organization, management system and objectives in the field of safety, health and environment. Every manager guarantees that every comment will be followed up to prevent it from recurring. The SH&E Management Committee also monitors the constant development of legislation worldwide regarding safety & health in our sites.
The local management of our sites is then responsible for implementing the Corporate SH&E policy and for complying with the local legislation that is applicable to the operation of the manufacturing site itself, under the coordination of the plant S&H coordinator. To ensure the highest H&S standards, we have different policies in place at each site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant.

Full compliance with such standards begins with 'soft' measures to ensure a high level of safety awareness from the first moment anyone steps foot in our premises, e.g. user-friendly guidelines that are easy for everyone to follow. Then, we have strict protocols and controls mechanisms in place to ensure the prevention of workplace accidents and work-related injuries, as well as proper care in those cases where they occur. Depending on the specific operations at each Agfa plant, we also ensure adequate monitoring and prevention of potential workers and visitors' exposure to chemicals.
Agfa's local policies are made available to all employees in the local language(s) and local training programs are in place.

In addition to Agfa's specific policies, the Brazilian site in Suzano, the German one in Wiesbaden and the Chinese one in Wuxi (printing) are certified OHSAS 18001.

Observation rounds on the work floor in particular are the main instrument to closely examine activities and surroundings and to detect unsafe situations and conditions. In our printing plate factories, for example, over the last ten years the number of lost time accidents has been dramatically reduced from 25 to four. Several sites have now achieved zero lost time accidents for years in a row. The management of each site is responsible for planning such rounds and for deciding on their frequency and the type of follow-up needed.

Adequate reporting of occurrences is key to ensure adequate follow up and, where needed, to report accidents to the authorities according to national and local legislation. The cause of each reported incident, near-accident and accident is investigated so that the most adequate corrective measures can be implemented. Important matters are immediately communicated to all sites as a SH&E alarm and learning point. Cause analyses are carried out to implement specific actions to improve health and safety performance.

Mental health

Mental health is also essential when preserving the health of our employees. In this regard, activities to monitor and address any concern are defined at local level, depending on the local government bodies supporting such programs and the specificity of the potential threats that differ based on the operations carried out at each site.

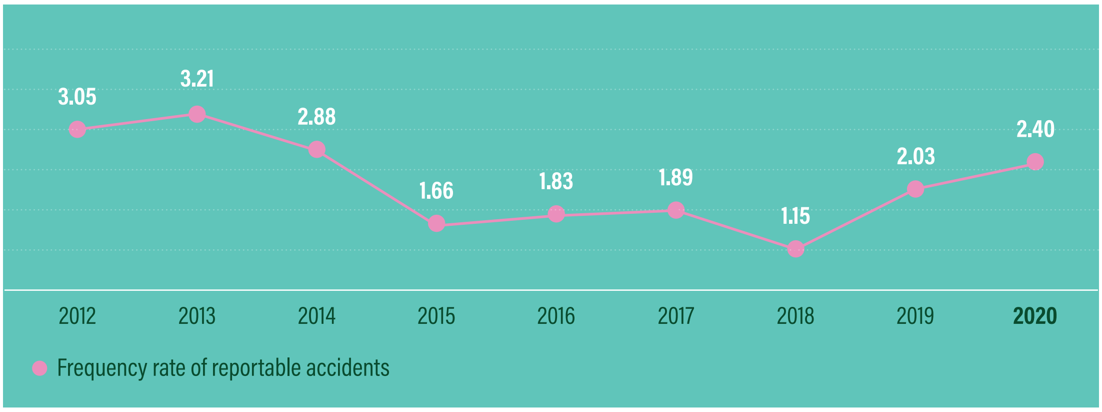
For our Belgian sites we run a survey every five years that allows us to monitor the mental well-being of our employees. This survey is completed by all our employees and serves to understand their perception of working conditions, communication and all other aspects that cause stress situations. Based on this survey, specific actions are defined to address the improvement areas identified. In some other countries, e.g. Agfa HealthCare UK and Ireland, Nordics, Netherlands and North America, we run employee engagement surveys that give us valuable insights in our people's mental well-being and areas of potential risk.

Our indicators

1. Frequency rate (Fg) of reportable accidents for Agfa employees
   Frequency rate = (Number of accidents / Performance hours) * 1,000,000
2. Frequency rate (Fg) of accidents with more than one lost working day
   Frequency rate = (Number of accidents / hours worked) * 1,000,000
3. Degree of severity of accidents involving more than one lost working day
   Degree of severity = (Number of working days lost / hours worked) * 1,000

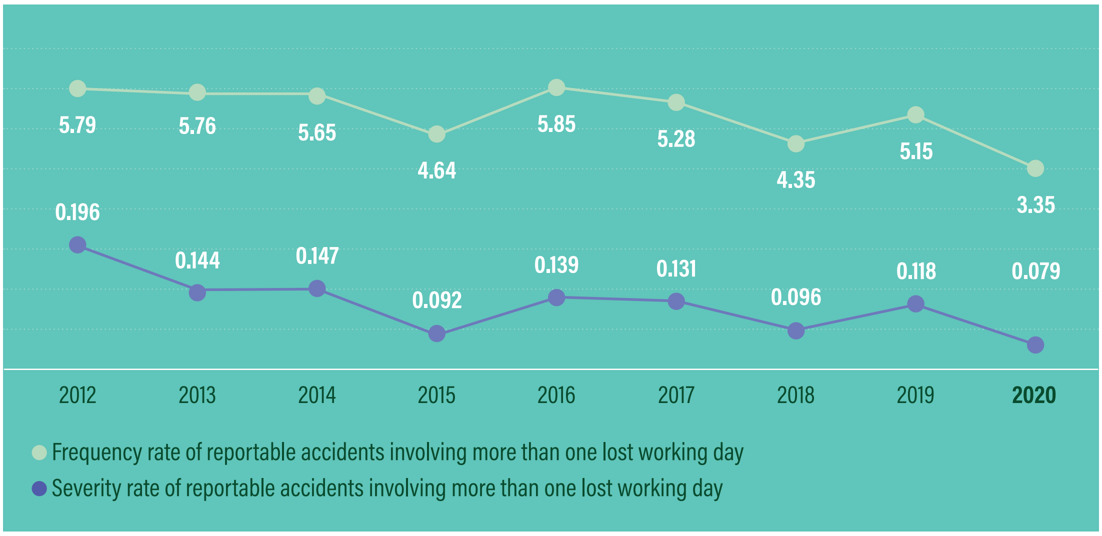
By definition a reportable accident is an accident that must be reported to the authorities according to national and/or local legislation. Unfortunately, the legislation reporting requirements may differ widely in the different countries where Agfa operates and, therefore, there is no universal definition of a reportable accident. This is why we decided to refer to the frequency of these accidents and we used a generic definition to create a coherent indicator.

Our 2020 performance and activities



In 2020, the severity rate of the recorded accidents and the number of lost working days were the lowest ever recorded.

The global figure for the frequency rate of the reportable accidents increased by 2.40% in 2020 compared with 2019. While the number of accidents was quite stable, the total number of hours worked was significantly lower than previous years (- 15.1%) due to the impact of COVID. Nevertheless, the overall long-term trend is still declining.



The frequency rate of accidents with more than one lost working day decreased to 3.35 in 2020, the lowest figure ever achieved since we started tracking these figures globally. The largest decrease was recorded at our site in Mortsel, particularly within the maintenance & services department, which was the biggest contribution to the global figure in previous years. In parallel, the severity rate of accidents with more than one lost working day decreased to 0.079.
Programs to further reduce accidents are running at all locations. Planning and executing observation rounds remains the key instrument of choice to spot potentially unsafe situations and prevent accidents and injuries from happening. Several plants succeeded in having zero accidents with lost time, some plants for several years in a row.

In 2020, we made a thorough analysis of the accidents across all our manufacturing sites worldwide and started an internal study to assess the root causes of geographical differences as well as to raise awareness about the plans for the future. The objective of this study is to compare the measures in place at the sites with the lowest occurrences (versus the sites with the highest) and assess the potential for adoption at sites where improvements are needed. We also benchmarked these numbers with the global figures published by FEDRIS, the Belgian Federal Agency for Occupational Risks, on the occupational accidents reported by similar industries. This comparison ensured that our figures are not statistically out of the average. Nevertheless, this will not reduce our efforts to reduce the number of accidents as much as possible. In fact, in 2020 we have also set a target by 2025 to reduce by 50% the number of accidents with more than one day lost (compared to 2019 baseline).

In addition to the focus on accidents reduction, in 2020 much of our effort went towards ensuring proper management of the COVID-19 crisis. While this disrupted the operations and production to a certain extent, additional measures were set in place to ensure the safety of our workers, such as all measures needed to ensure a safety distance, disinfection, masks distribution, ...

Our commitment for the future

H&S constitutes for us our moral license to operate. Hence, we'll continue investing in keeping a high level of awareness and focus on preventive measures that avoid any physical or psychological harm to our human capital.
After setting a target for 2025, in 2021 we will focus on reinforcing safety programs in sites with the highest number of accidents, i.e. Belgian headquarters, including educational aspects.

2020: the year of COVID-19

2020 was an unprecedented year. The COVID-19 pandemic was not only a threat to our health, it also caused massive disruption to our families, societies and economies all over the world. At the same time, it triggered our ability to respond as a company.

In managing this unexpected challenge, our number one concern has been to protect the safety and health of our employees, our clients, our partners and our communities.

To this extent, over the year we have carefully monitored the evolution of the COVID-19 outbreak on a global, regional and local scale via a centralized corporate COVID Task Force, steered by one of our executives. We followed the recommendations of the World Health Organization (WHO) and other relevant international guidelines, together with local and regional government ones. This information helped us in providing the most informed guidance to our teams both on behavioral measures, related to hygiene and social distancing, and also on how to manage operations and continue to run the business in the new normal.

We have regularly informed our people on the measures to be implemented at the workplace to reduce the spread of the pandemic. We have also tirelessly worked with our social partners to limit as much as possible the economic repercussion on our people. We are glad that in 2020 we succeeded in avoiding any major outbreaks at our premises.

All together we demonstrated resilience, adapting our business to the current circumstances and to the changing priorities. While we were obviously impacted, we were also able to turn challenges into opportunities.
In fact, 2020 was the year in which Agfa went as digital as ever. Not only because we implemented remote working at scale, but because we started to engage entirely virtually with our customers, we made virtual demos our new reality, we ran virtual exhibitions, we ensured continuous supply operating in reduced and shifting teams, we supported our customers remotely, etc., ...
Our project implementations have also moved to virtual in most cases. More recently, we have even helped one of the largest pediatric health systems in the United States to go live with our Enterprise Imaging Platform, 100% remotely supported.

To help our teams in this endeavor, we set up a series of support tools, e.g. via online resources and trainings, on a spectrum of topics, from the increase of resilience and remote team management strategies to optimization of ergonomics, ...

In addition to the impacts for our people, the COVID-19 outbreak has posed enormous efficiency and productivity challenges for our customers and it has placed extraordinary pressure on healthcare providers. Hence, we had to radically adapt our way of interacting and caring for our value chain.

#CountOnUs

This is the Radiology Solutions division's initiative to co-create and enable practical responses to the COVID-19 crisis. It started as a message of support and solidarity to our customers and, as the pandemic spread, it evolved into a pragmatic, holistic approach to finding simple, practical solutions to exceptional problems. The pandemic created demand for an unprecedented volume of images, to be made by busy professionals, wearing bulky PPE, while keeping imaging units properly disinfected. We saw that we could help by increasing capacity and productivity!

In the context of this initiative we have supported our customers worldwide to get faster and more accurate X-ray images to battle the COVID-19 pandemic. We helped them by sharing successes, learnings and best practices to continue delivering high quality healthcare in challenging conditions. We are proud we have been an enabler for our customers.

- By using creativity to increase our delivery capacity;
- By providing gridless workflows offering the use of our Chest+ software for free for nine months;
- By turning mobile systems into instant Direct Radiography, with just a laptop and a detector via Retrofit;
- By providing tailored disinfection guidelines.

#StrongerTogether

As a healthcare IT partner, Agfa HealthCare is deeply committed to support care providers and the communities they serve, in addressing current COVID-19 challenges. Under the hashtag #StrongerTogether, the division shares how its customers are making use of its software to efficiently triage, report and collaborate on COVID-19 cases across quarantine lines.
In addition, specific configurations are being designed together with care providers. Those are subsequently published on the division's website, so that others can benefit as well. From COVID-19 specific priority worklists and tools that allow home reporting and regional collaboration to solutions in collaboration with Microsoft, DELL and Barco, Agfa HealthCare's focus is on supporting its clients during these challenging times.

This is the TOP 10 customer cases and configurations we shared in 2020:

- COVID-19 Specific priority work lists in Enterprise Imaging;
- Faster reporting with COVID-19 drop-down menus and text macros;
- Remote and home reporting;
- COVID-19 hanging protocols;
- Supporting triage of high-risk patients;
- Real-time collaboration across quarantine-lines;
- Balance the load – image sharing across hospital networks and regions;
- Adding COVID-19 specific terminology to the speech recognition lexicon;
- Business intelligence: using data to better measure, understand, predict and take action;
- eLearning – access key knowledge when you need it most.

Implementation teams going 100% remote to support care providers

Children's Minnesota is one of the largest pediatric health systems in the United States – with two hospitals, 12 primary care clinics, six rehab and nine specialty care sites. In April, the go-live of Enterprise Imaging was planned, to seamlessly consolidate the Level 1 trauma center's cardiovascular IT systems into the Enterprise Imaging Platform. The escalating concerns regarding the corona virus forced a change in approach as Children's implemented a policy restricting on-site vendor engagement. Adamant that the planned go-live proceed as a planned, Agfa HealthCare switched to an implementation with 100% remote support and Children's Minnesota successfully went live with Enterprise Imaging for Cardiology.

Agfa for the community

We see ourselves as part of the communities where our operations are set and where our employees live. This is why we always dedicate time and resources to engage with them, to inform them about what we do, answer questions, listen to suggestions and ideas. In normal times we do this by organizing physical meetings where we can literally meet the community, and in 2020 we did it by using the virtual tools available, like publishing a magazine to be distributed.

2020 was a special year and we wanted to show our support even more and in a very concrete way. This is why we went the extra mile by helping our neighbors facing the COVID health crisis.

- We donated 5 million RMB in medical equipment to hospitals and caregivers in Hubei province, China;
- We donated surgical gowns to neighboring hospitals in Belgium: ZNA, Sint-Amadeus, Noodplanning Mortsel, UZA, Revarte;
- We donated FFP3 masks to a number of COVID-19 wards while they were waiting for deliveries in the first weeks of the crisis;
- We participated in citizens' initiatives to support one another. For instance, via the initiative in Liège, Belgium, we donated face screens and we received in return 3D printed headsets to assemble 500 face shields for our own use;
- We donated glycerin to make alcohol gel to our neighboring pharmacy in Mortsel, Belgium.

2. Employee development and engagement

Material topic: Employee Well-Being, Human Capital and Learning & Development

The way Agfa ensures the well-being of its human capital, going beyond health and safety and considering broader working conditions, work-life balance and promoting an inclusive culture. This includes – without being limited to – all initiatives and programs that foster diversity and inclusion, belonging and engagement, talent management, work-life balance and remuneration.

Governance & management approach

While details for each process contributing to 'Employee Well-Being, Human Capital and Learning & Development' will be provided in the sections beneath, the general management and key responsibilities for these tasks fall under the remit of the department of Human Resources, due to its key role in the different stages of engagement with employees.
Several Global and Regional HR Business Partners build, maintain and develop the relationship with the senior leaders/managers and employees and act as point of contact for management, while being involved in important business decisions.
All HR business partners convene annually at the Annual Global HR Meeting to set department objectives, review progresses and policies and share best practices. Monthly check-in ensures through follow-up and exchange in the course of the year.

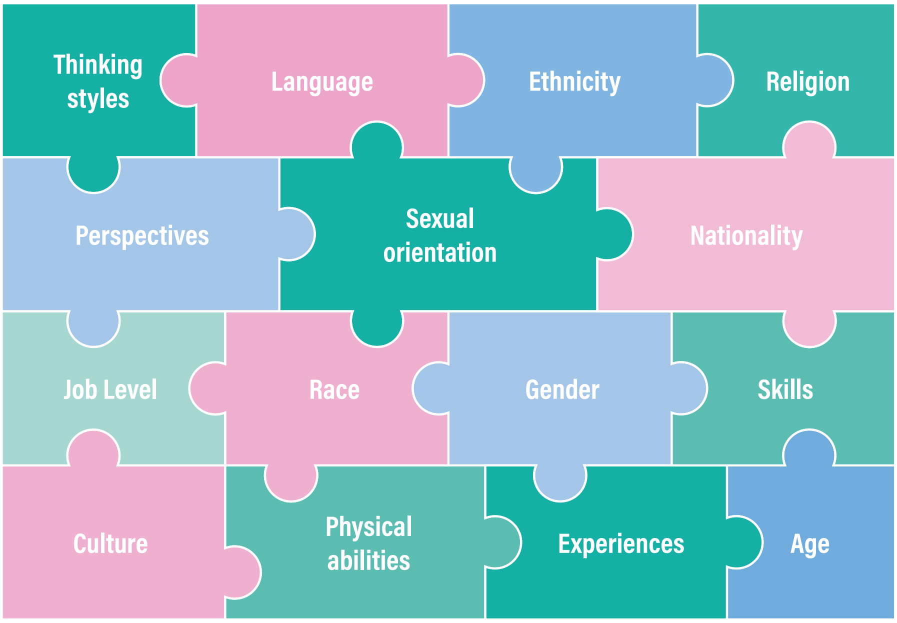
Diversity & Inclusion

Diversity at work means employing a workforce that reflects the society in which it exists and operates. For Agfa, diversity means the variety of all the characteristics that make individuals unique, including gender, race, age, way of thinking, education and so forth. Inclusion refers to the culture and the work environment set up that makes everyone feel welcome and where diversity is an element of strength.

Relevance and boundaries

At Agfa, we strive to create a work environment that is safe, inspiring and inclusive, with equal opportunities to thrive and grow by creating a climate of trust, tolerance and openness. We believe that diversity and, above all inclusion and integration of such diversity,

is a key factor to succeed in this vision. Agfa's corporate culture further aims to promote a caring environment, where its people are connected to the company and experience a sense of belonging – which is further reinforced by attention to diversity and inclusion – a safe psychological space where belonging can flourish.
Agfa is active in more than 100 countries and has its own production centers, R&D centers and sales organizations in more than 40 countries. At Agfa, employees of 79 nationalities, with different backgrounds, personalities and visions work together every day. This diversity enriches the organization as it is the engine of Agfa's performance, innovation and overall culture.



Our management approach

Agfa has policies and procedures in place to ensure the implementation of its vision. Since 2003 the Agfa Board of Directors implemented a policy of equal employment opportunities for all employees and applicants. The Board of Directors stands behind a zero-discrimination policy in which there is no room for discrimination on the grounds of race, religion, political opinion, color, gender, age, nationality, disability or any other legally unacceptable classification. This commitment is part of Agfa's Corporate Governance Charter under 'Appendix A: Code of Conduct' and is detailed in Agfa's Diversity Charter. Both documents can be consulted on Agfa's website: www.agfa.com/investorrelations.

In the Diversity Charter, Agfa commits itself to the following:
- Apply the non-discrimination principle in all its forms and for all phases of life at Agfa, i.e. recruitment, promotion, ...;
- Train and sensitize management and employees to enable them to deal with the challenges related to D&I;
- Actively address all kinds of discrimination.

This charter is fully endorsed by Agfa's management. Together with the social partners, management is fully committed to actively support it. Agfa also expects all its employees to respect the rights and individualities of all individuals.

In addition to the behavior expected by the employees, Agfa's management processes are designed in a way that the employees are selected, hired, assigned, trained, promoted, transferred, dismissed and compensated on the basis of their abilities and qualities without discrimination of any kind.

In addition to the global approach, there are a series of local activities and processes in place. On the one hand this ensures that we comply with any specific local requirement, on the other hand this allows us to take into account the specificity of a particular plant population in terms of most relevant aspects of diversity & inclusion and in terms of maturity of the policies in place as the starting point.

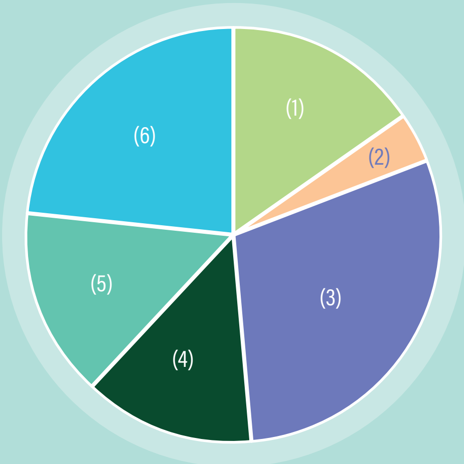
We are Agfa

NUMBER OF EMPLOYEES

A total of **7,734** in 2020 or 7,457 full-time equivalents

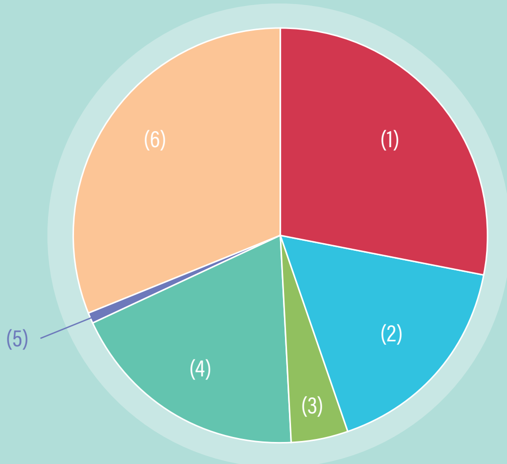
In May 2020, the sales of part of the Agfa HealthCare business to Dedalus Group was finalized, including a transfer of approximately 1,500 employees, which explains the change of the figures regarding the overall numbers of employees, i.e. 9,923 in 2019.

EMPLOYEES PER CORPORATE FUNCTION



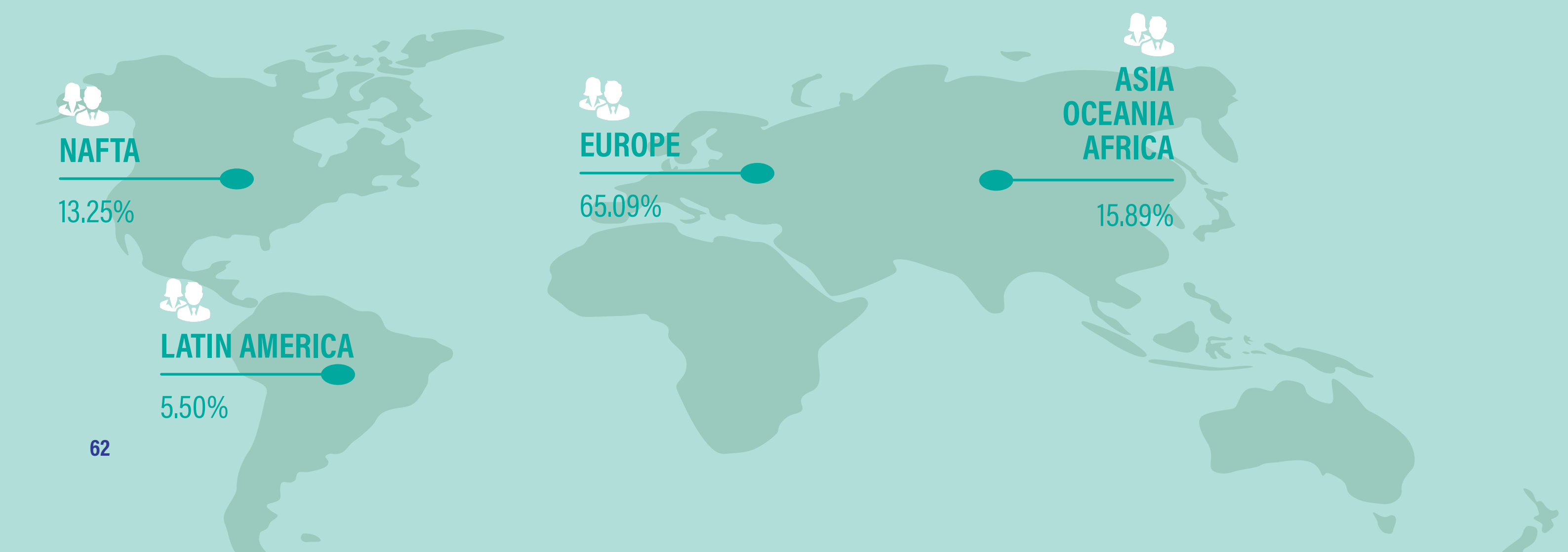
(1) General & Administration **18.48%**
(2) Logistics & Supply chain **3.90%**
(3) Production **30.97%**
(4) Research & Development **11.71%**
(5) Sales **15.46%**
(6) Service **19.47%**

ALLOCATION OF EMPLOYEES

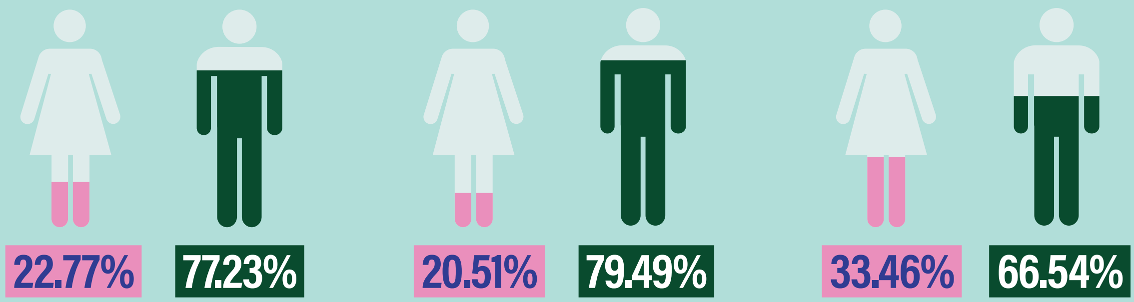


(1) Offset Solutions **28.21%**
(2) HealthCare IT **16.65%**
(3) Digital Print & Chemicals **4.53%**
(4) Radiology Solutions **18.84%**
(5) Corporate **0.92%**
(6) Support services **30.85%**

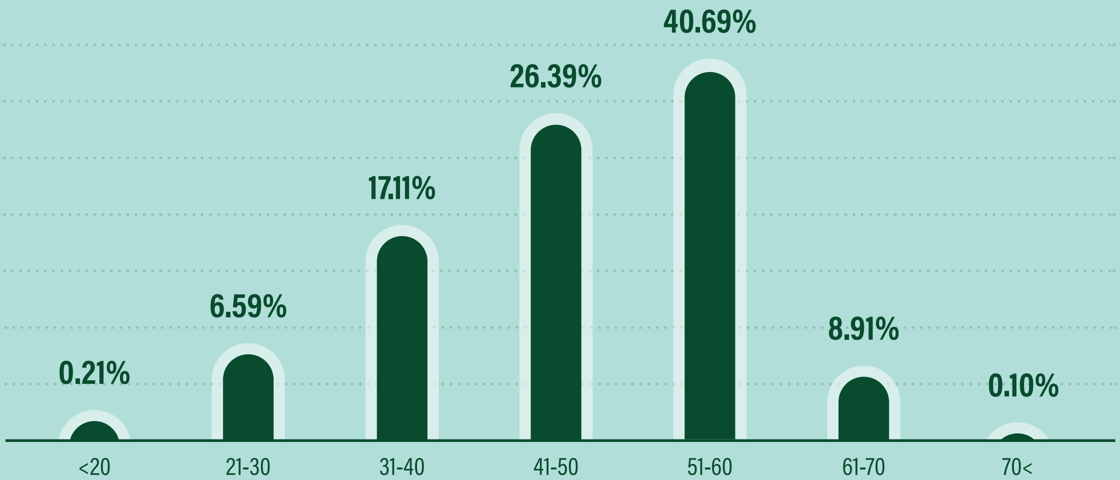
EMPLOYEES PER REGION



WORKFORCE · MANAGEMENT POSITIONS · ON RECRUITMENT



EMPLOYEES BY AGE GROUP



THE AGFA GROUP HAS 79 NATIONALITIES THE TOP 5 CONSISTS OF:

BELGIAN	GERMAN	AMERICAN	CHINESE	CANADIAN
2,755 EMPLOYEES	938 EMPLOYEES	690 EMPLOYEES	674 EMPLOYEES	348 EMPLOYEES

As an example, the approach that we have in place regarding Diversity & Inclusion in our site in the USA, where approximately 13% of our people work, is the result of a series of different processes in place, be it on recruitment, be it for the approach to life @Agfa.

- As part of the Small Business Subcontracting Plan (SBA), our US plant is expected to dedicate part of its budgeted annual sales spending to Small Businesses that are diversely owned, e.g. veteran-owned or women-owned.
- Beyond the traditional platforms to advertise our vacancies, we utilize several additional tools, for instance:
  - America's Job Exchange - site 100% focused in diversity recruitment and is compliant with the Office of Federal Contract Compliance Programs.
  - Handshake - virtual career center used by colleges and universities across the country.
  - In February of every year, we contact social service type agencies around the US asking them to advertise a diverse pool of candidates in case we have positions open.
- To encourage Accessibility, for every job vacancy posted for Agfa Corp and Agfa US Corp we provide easy ways to apply to facilitate, for instance, applications from people with disabilities
- We encourage celebrations of monthly heritage according to the national calendar to ensure everyone feels welcome and respected

Our indicators on Employee Well-being, Human Capital and Learning & Development

1. Total % male/female workforce
2. % female/male per job category
3. Employees by age group
4. Employees by nationality
5. Average salary/managerial level

Our 2020 performance and activities

We are committed to diversity & inclusion in terms of culture, ethnicity, socio-economic status, age, gender, … Via our HR services, we monitor monthly a broad set of indicators. Moreover, our actions in the field of D&I are not limited to a specific area in the field. We also acknowledge that in the organization there is currently room for improvement. Our management decided to focus on D&I as one of the priorities for action in the sustainability roadmap in the years to come. To make such strategy actionable in such a broad field, it was decided to tackle first the gender diversity issue, defining quantitative targets and a concrete action plan. For Agfa, this involves recruiting more female employees and, above all, to increase retention time and satisfaction of such employees, while also increasing the number of women in senior management positions to foster diversity within decision making roles.
The strategy at the basis of this action plan will be revised annually at the end of the first quarter and adjusted, gradually broadening its scope and aligning to available resources, on the basis of the performance of the previous year.

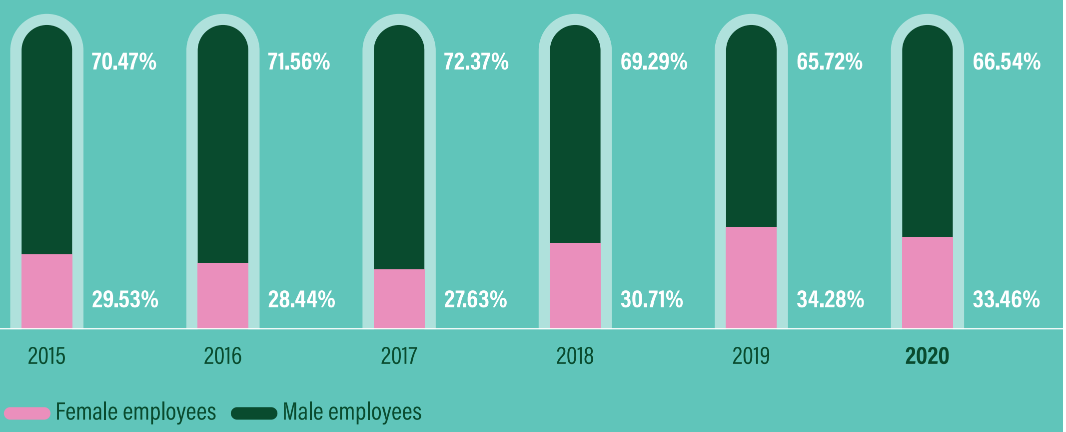
On this basis, in early 2020, we have set two targets for 2025, specifically focusing on gender as part of a broader approach to diversity & inclusion:

1. to reach 50% gender balance for new hires and;
2. 15% females in high management positions (level 0, 1 and 2).

As of 2015, the composition of the Board of Directors (BoD) complies with the legal obligations relating to gender diversity as provided by the Belgian law of July 28, 2011. More information regarding diversity for the BoD can be found in the Corporate Governance Statement. Regarding the progress on the whole workforce, beneath is the summary of our global 2020 performance.

Headcount/management level	2018		2019		**2020**	
	Female	Male	Female	Male	Female	Male
Non-management	25%	75%	25%	75%	24%	76%
Low management	21%	79%	22%	78%	22%	78%
Middle management	15%	85%	15%	85%	16%	84%
High management (level 2)	9%	91%	9%	91%	10%	90%
High management (level 1 and 0)	6%	94%	12%	88%	15%	85%
TOTAL	**23%**	**77%**	**24%**	**76%**	**23%**	**77%**

PERCENTAGE OF FEMALE/MALE EMPLOYEES ON RECRUITMENT



PERCENTAGE OF NEW EMPLOYEES BY AGE GROUP

	<20	21-30	31-40	41-50	51-60	61-70	70<
2015	3.96%	35.32%	29.39%	17.63%	10.81%	2.32%	0.13%
2016	4.36%	33.03%	31.97%	20.29%	8.97%	1.00%	0.00%
2017	5.16%	34.69%	32.57%	16.78%	8.93%	1.25%	0.00%
2018	3.54%	33.79%	31.66%	18.81%	9.77%	1.85%	0.10%
2019	6.85%	36.34%	29.88%	16.98%	8.50%	1.10%	0.32%
2020	2.92%	33.27%	32.68%	18.48%	11.28%	1.36%	-

For the purpose of reporting on D&I, we have divided the category of high management functions into two, because the tools to work on these two groups are different and, therefore, it is more practical to monitor them as separate groups to understand the impact of our activities.

While the 2020 performance regarding gender balance for new hires was substantially unchanged compared to 2019, we were glad to reach the second target already in the course of 2020 for managerial levels 0 and 1. In 2021, we will review these first targets to decide how to adapt them to the learning that has been taking place within the divisions and to reflect the focus on this topic for the future.

To ensure full support to the achievement of the targets set and to have a gradually more ambitious agenda, our action plan tackles different areas of our operations, starting from recruitment, extending to training, e.g. about bias and managing diversity, communication for awareness raising and to create more occasions for participation to the definition of the strategy.
The action plan will be gradually rolled-out across Agfa's divisions and it focuses on the changes needed in the longer term to ensure the achievement of our targets.

To support the overall management approach, in 2020 we carried out with external experts' guidance a thorough exercise of readiness assessment of the data management system for the KPI on 'Gender Diversity'. This exercise served to review relevant aspects of the data management system and ensure that adequate internal controls are in place to ensure sufficient data quality and robustness. The exercise identified few areas of improvement related to clear definition of the KPI scope and clarity of the governance structure to report and review the KPIs. These gaps will be addressed in the context of the overall improvement of the KPI reporting.

Remuneration policies and practices

Relevance and boundaries

Employing people is a long-term strategic investment. Global organizations still experience competition in recruiting and retaining staff. Therefore, Agfa considers market conform remuneration packages as a tool to attract the best talents on the market. Furthermore, to support our overall commitments regarding Diversity & Inclusion, we focus on gender-neutral remuneration.

Our management approach

For our Board of Directors and our Executive Management, the remuneration policy in place is described in our Corporate Governance Charter and criteria are set by the Nomination and Remuneration Committee. The goal of the policy is to ensure that qualified and expert professionals can be recruited, retained and motivated, taking into account the nature and scope of their individual responsibilities.
For the workforce, we have a global compensation policy in place, which ensures that salaries are in line with the market, fair and consistently defined across different geographies. The policy is built on the principle that Agfa is committed to Pay for Performance and – on this basis – the individual employee's remuneration is based on the following parameters:

- Criticality of position and scarcity of skills on the market;
- Performance and expertise in role;
- Future potential of the employee;
- External (market) benchmark;
- Internal benchmark, i.e. salaries of peers.

As a reference salary for our employees, we use a Total Target Cash level which is on average at the 50th percentile of the market.
A variable salary is an important part of the salary package. The amount of this variable part depends on the results of the respective division and region and on the individual performance, as defined in the Global Bonus Plan. For sales and service staff, the variable part is linked to specific targets in a 'Sales Incentive Plan' or a 'Service Incentive Plan.' The Executive Committee validates the funding ratio, the regional distribution and the final distribution of individual performance ratings.

In addition to the salary, we strive to offer competitive as well as cost-efficient short-term and long-term benefits as part of the individual packages. The most important benefits are a pension plan, life insurance and medical cost insurance.
Depending on local rules and customs, which can significantly vary, benefits could include a company car or additional representation costs.

Our 2020 performance and activities

The table below gives an overview of the ratio average salary/management level between female and male employees for the last years.

These figures should be interpreted with caution as they do not include the number of years of experience in a particular position, the country of employment and seniority. However, it is the intention to make an additional analysis and to further focus on gender-neutral remuneration.

Average salary/management level	2018		2019		2020	
	Female	Male	Female	Male	Female	Male
Non-management	90%	103%	89%	104%	88%	104%
Low management	94%	102%	93%	102%	93%	102%
Middle management	93%	101%	94%	101%	96%	101%
High management (level 2)	92%	101%	97%	100%	106%	99%
High management (level 1 and 0)	73%	102%	70%	104%	73%	105%
TOTAL	**87%**	**104%**	**87%**	**104%**	**87%**	**104%**

To evaluate our management approach, we can rely on strict legislative requirements in place. In fact, the Belgian government requires that a gender wages report is submitted to the national workers' council every two years. This ensures that data on this aspect are regularly reviewed by an external party.

Work-life balance

Relevance and boundaries

Agfa strives for a good work-life balance for all its employees. This balance entails much more than just the ratio between work hours and private time. How much someone likes his or her job – and how much satisfaction he or she derives from it – is at least as important. The fact that many governments have recently raised the retirement age also has a major impact on the well-being of employees. We are convinced that employees with a good work-life balance are less often sick, have less stress and feel more engaged. It is also important to acknowledge that the right balance can be different for everyone and that people's needs may change over time.

Our management approach

Agfa has a series of measures in place that are meant to strive for the best possible work-life balance:

- flexible working hours, where possible;
- part-time work options;
- working from home;
- thematic leave such as parental leave.

Agfa conducts awareness-raising campaigns that encourage people to work and live more healthily and consciously.
A cornerstone of this approach is the Finnish professor Ilmarinen's House of Work Capacity model, which pays a lot of attention to the work-life balance and takes numerous measures to support the achievement of this balance. Within the framework of the House of Work Capacity, a minimum of three information sessions are organized each year in which themes relating to well-being at work, such as stress management, are explained.

Our 2020 performance and activities

2020 has certainly been a challenging year in this regard, putting to test our resilience and ability to work remotely and/or in a very different environment than usual. Like many others, we had to quickly adapt to a different way of working and support our people to be able to work effectively in conditions that have been often challenging.
In the course of 2020 we tested telework at scale, to ensure our people would be safe and could deal with all the impacts brought by the pandemic outbreak. To effectively support telework, we launched several information initiatives promoting learning channels for people managers on leading virtually, for employees on working from home both in terms of practical tips (resources and videos on using WebEx platform) and communication and well-being resources.
We made available training sessions on how to build resilience and provided advice on best practices regarding telework.

This situation provided an unprecedented large scale experiment on remote working and different ways of working. To be prepared for the future to assess how Agfa's people needs have changed, we have started an internal project to assess with our people if there are some aspects of this new way of working that were somehow beneficial to improve work-life balance and should be kept also once government measures are lifted.

Career guidance, performance and talent management

The processes of career guidance, performance and talent management are all those processes in place that ensure each individual can thrive within Agfa and can make the best use of its potential to grow and serve the overall company performance.
In particular:
Career guidance is the facilitation of the employee in exploring their interests, talents and experiences in order to identify possible career opportunities. The focus is on career change, personal development and possible other career-related issues.
Performance management is the continuous process to ensure that employees receive formal and informal feedback on their performance against a number of agreed targets. It entails setting targets for development and evaluation aimed at achieving the company's strategy and objectives through employee performance.
Talent management is about how to attract, retain and engage the right people, at all levels of the organization. It entails defining the competencies that Agfa needs (and will need) to grow successfully and identifying the existing potential in the company or when expanding on the labor market.

Relevance and boundaries

A skilled workforce and agile organization are essential for the continued success of our business. Failure to attract, develop and retain and engage talents to satisfy current and future needs of the business would hinder our performance.
Therefore, Agfa's HR policies foresee a number of processes linked to the employee life cycle. An employee's career can be divided into different phases: recruitment and introduction, career evolution and end-of-career.

Competence management, performance management, continuous training and development opportunities, fair and competitive remuneration and constructive feedback are essential elements in each of these phases.
Many employees will make more career moves in the future than was traditionally the case. A job-fit employee is therefore necessary in order to remain professionally employable. To this end, Agfa is strongly committed to support its workforce throughout all these phases.

Our management approach

Career guidance

An internal career coach is assigned to help to understand the strengths and weaknesses of the employee, what is important for the employee in his or her work and life and in future career opportunities that lie ahead. The most important goal is to give employees confidence in themselves and in their professional future.

Performance management

Agfa introduced FeedForward as a Performance Management Framework in 2018 to respond to the need for continuous feedback and to focus on coaching and development rather than merely evaluating past performance. The introduction of FeedForward created a more flexible performance culture in which both manager and employee play an active role:

- setting meaningful and result-oriented objectives that are in line with the overall business strategy;
- continuously clarifying expectations and redirecting objectives;
- giving, asking and exchanging feedback to improve performance;
- maintaining a dialogue on development.

Talent management

People Managers globally participate in the annual People Review process to proactively identify core talents in the organization, select development actions such as job rotation, soft skills training for the year and plan succession and career mapping steps. Our HR business partners and HR managers are trained annually on rolling out this review and coaching people managers through this process. The results to a large extent determine the action plan for development actions and programs for the rest of the calendar year and are followed up centrally by Talent Development for each business division and corporate center. Specific learning communities such as New Leaders (recently or soon to be promoted people managers) for example are then invited to a mandatory 12-month leadership track.

The bi-annual Strategic Talent Review process is a global process in which senior managers are asked to identify key competencies for their department for the future, draw up succession planning for key positions and list high potentials.
Employee development is an integral part of performance management. The employee and the manager must identify the personal development objectives. These support the achievement of short-term objectives and the achievement of long-term personal career expectations. To a certain extent, financial rewards for employees are based on the results of the performance management process.

Our 2020 performance and activities

In 2020, we focused on supporting our people's managers through a challenging year by providing online resources to coach and support team members, emphasizing empathy and resilience. Our efforts led to a 15-fold increase in access to virtual collaboration courses.

In 2020, we also rolled out – completely virtually – the New Leaders Track for 25 people newly become people managers. In 2021 we will offer a 360 feedback survey to all employees who are following an internal leadership trajectory. 360 Feedback is a possible learning action arising from annual People Review process and in 2020 the HR community was retrained on interpreting reports, accompanying and coaching participants.

Learning & Development

Relevance and boundaries

We are convinced that continuous learning and development are essential for individual and organizational growth: at Agfa we see learning as a mindset. The question is not what roles employees can be prepared for now but how can we shift thinking so that employees are ready and able to succeed in whatever roles emerge ahead. With this in mind, Agfa continuously seeks the right balance between attracting competencies from outside the company, developing internal competencies and increasing the overall employability of the employees by encouraging successful career transitions and mobility. Learning and development is the natural lever to increase the employability of our employees.

Each employee must therefore be able to further develop their unique capabilities and skills or to acquire new and advanced skills and knowledge.

Our management approach

Different roles require different skills and Agfa wants to equip its workforce with flexible skill-sets which promote success in a dynamic and complex environment. For this reason, we offer a wide range of internal, external and web-based learning and development tools in technical, business and soft skills related areas. Examples of such soft skills training tools are sales excellence programs, which promote a customer centric approach to business via workshops on methodology and also mentoring to improve the quality of visits with customers. Processes such as Virtual Development Centers (VDCs) support employees switching to more demanding or extensive roles by providing structured feedback on in-basket tasks such as business presentations and role-plays and are based on future role competencies.
Employee development plans are aligned with competence management and integrated into the FeedForward framework.

To clearly define the company learning and development roadmap for the future, we have a global policy on development, which is complemented by local and divisional programs tailored to the needs of our teams.
The Agfa Talent Development team pursues the ADDIE approach to training, which stands for the five stages of a development process: Analysis, Design, Development, Implementation, and Evaluation. The ADDIE model relies on each stage being done in the given order but with a focus on reflection and iteration. The model offers a streamlined, focused approach that provides feedback for continuous improvement.

Our 2020 performance and activities

An important consideration is that training & development is key to support the achievement of the objectives in all areas of the organization SGDs and each new project should always be accompanied by a training element.
With this perspective, in 2020 we rolled out:

- the first global Diversity, Inclusion and Belonging training for our HR community, to increase awareness of its meaning for Agfa and of the role of HR in fostering this mindset;
- a New Leaders Track for 25 recently appointed people managers, to equip them with the skills needed to successfully navigate transition from team member to team lead;
- virtual tracks on leading and working virtually. This served to provide skill sets needed to be successful virtually (increased communication) and - specifically for people managers - to carry out well-being checks on team members;
- a series of free development training sessions in collaboration with StreetwiZe and Cevora inspired by the skills and knowledge of street kids to empower people to address professional and personal challenges with agility, resilience and positive focus.

In addition to training of our own people, we have been working with different universities and schools and have continued offering internships to students in 2020, even during the difficult COVID times.

Worldwide talent program

Regional talent programs were rolled out in 2019 in LATAM, ASPAC and NAFTA to improve succession planning and flow within the regions. Impact studies to measure the sustainable change in the behavior of the participants were carried out. These showed that more than 90% of the participants in the program reported changes in their own behavior and improved leadership skills in 2019-2020. In 2020 we wrapped up these Regional Talent Programs by presenting regional business cases to leadership teams; 90% of the cases will be rolled out by business and one case is being further explored.
This is a high success rate which shows how our people are the key to Agfa's success.

Our commitment for the future on Employee Well-Being, Human Capital and Learning & Development

At Agfa, we are committed to create a caring, inspiring and inclusive work environment with equal opportunities to thrive and grow. To translate this commitment into actionable and measurable performance indicators, we have started developing a corporate sustainability strategy and setting corporate targets. This will continue and the scope of the targets will broaden in the coming years.

We started by setting specific targets on gender equality in 2020. To achieve them, we will focus on reinforcing or creating specific actions around women's mentoring, adapting our hiring policies and leveraging partnerships that can empower both our female employees and their male allies.

This global commitment, will be supported by concrete regional and divisional objectives, which will be set in the coming years on the basis of the business strategy of the Group and on the specific impact that each team can harness. For instance, in 2021, as part of the Small Business Subcontracting Plan (SBA), our US plant plans to dedicate 16% of its budgeted annual sales spending to Small Businesses that are diversely owned, e.g. veteran-owned or women-owned.

We are also strongly committed to developing our people and, in fact, SDG 4 on 'Quality Education' is one of the key SDGs for Agfa.

"An even stronger focus on diversity & inclusion is what will help us in creating a stronger Agfa identity, which has proven to be a key for success in this difficult year."

Anne Saveyn, Global VP Human Recourses

In the course of 2021, we will define in which areas we will step up our efforts. We will certainly address power skills which cross disciplines in 2021 such as change management, agility, adaptability and resilience. We will also continue to develop our talents via dedicated divisional programs such as service talent tracks and talent programs.

Once again, the global commitment, will be supported by concrete regional and divisional objectives. For instance, Agfa will be contributing as of September 2021 to the project 'Dual Teaching' in Belgium. This project is coordinated by essencia and it will provide weekly STEM teaching for secondary schools by professionals in the chemical industry.

STEM projects – building a sustainable future educating the scientists and technicians of tomorrow

We believe that education, with a long-term perspective, is one of the keys to succeed in building a better future. This is why we support several Science, Technology, Engineering and Mathematics (STEM) projects and related initiatives:

Science, Technology, Engineering and Mathematics (STEM) – Charter, Belgium:
http://stemcharter.be/charter.php
We participate as a STEM ambassador, acknowledging the importance of STEM in our current and future society and stimulating the passion and interest for STEM educations and professions.

STEM Olympiads, Belgium:
https://www.stemolympiade.be/vso/index.php?request=home
We are proud sponsors of this event and we assist in selecting the best STEM project with the goal to stimulate younger children (12y-14y old) to experiment and solve problems by using STEM concepts.

Dual learning, via essencia, Belgium:
https://www.essenscia.be/prioriteiten/talent/duaal-leren/
Dual learning was launched in 2017 to train students for jobs in the chemical industry by providing relevant internships. We have been offering such opportunities and guiding several students over the last years.

3. Respect for human rights

Material topic: Respect for human rights

How Agfa ensures that working conditions of its employees and of its partners in the value chain are in line with international standards. Human rights are the basic rights that form the foundation of freedom, justice and peace, and that apply universally and equally to all countries (UN, Universal Declaration of Human Rights).

Relevance and boundaries

At Agfa, we consider respect of human rights as the moral imperative to our license to operate as a business. Moreover, we believe that everyone has the right to be treated with respect, care and dignity. Therefore, Agfa operates in full compliance with all binding legal provisions applying to our market segments in all locations and with the general provisions of the Universal Declaration of Human Rights.

In this spirit, Agfa also respects the right of its employees to organize themselves in trade unions and other organizations that represent the rights of employees in their relationship with Agfa as an employer.

We also expect our suppliers to follow the same standards and adhere to the same high-level commitment we set for ourselves.

The adherence to such values is considered as the basis upon which all other policies and processes are set up and as the minimum standard to be complemented by voluntary measures wherever necessary.

Our management approach

Agfa's employees Code of Conduct

According to the company Code of Conduct, all employees working at Agfa are expected to act in accordance with the highest standards of ethical conduct and integrity and in full compliance with all applicable laws of each jurisdiction in which the Company transact business.

In addition to the behavior expected by the employees, Agfa's management processes are designed in a way that the employees are selected, hired, assigned, trained, promoted, transferred, dismissed and compensated on the basis of their abilities and qualities without discrimination on the basis of race, color, religion, political opinion, gender, age or nationality. Furthermore, the code prohibits:

- discrimination against any qualified employee or applicant on the grounds of physical or mental disability or of his or her status as an invalid;
- to grant or refuse a job or a promotion for the purpose of providing or refusing sexual favors;
- to commit sexual harassment.

Agfa's employees are obliged to respect the rights and peculiarities of all individuals in order to create a working environment in which each employee is able to fully develop himself/herself individually.

Consultants and contracting parties operating with the Company are also required to respect this Code.

In addition to the strict application of the Code of Conduct, most of Agfa's subsidiaries have established a formal system to support employees who wish to report problems such as harassment, discrimination or conflicts of interest.

Agfa's employees can at any time submit any question or complaint via email, phone or letter to their immediate superior or to the Group Compliance Office. Complaints and questions are handled in a systematic and confidential manner by the Group Compliance Office, who has appointed specialized and independent contact people.

Freedom of association and collective bargaining agreements

In each country where it operates, Agfa enters into dialogue with employee representatives. In most countries, works councils represent the employees. At European level, a European Works Council is in place; it is led by one member of our Management Committee and it is composed of representatives of the different business divisions in Europe and of union representatives from different countries and divisions. It meets at least twice a year to receive updates about the progresses of the different corporate activities and information of the different business divisions.

For some categories of workers, and depending on the local legislation, at national level there are also some collective bargaining agreements in place, where Agfa agrees with Labor Unions and regularly (re)negotiates the contractual conditions for the represented categories. All the existing collective agreements are made available to all employees via the relevant internal sharing platforms, e.g. the intranet, or upon request to HR.

Supply Chain

Suppliers are essential in our business of providing products and services. However, having close relationships with suppliers means that their reputation can have an impact on that of our company, thus increasing our own reputation risk. This is why we expect our suppliers to adhere to the same sustainability standards. Since 2012, we strive to have all our suppliers contractually agreeing to our Agfa Supplier Code of Conduct. This is certainly the case for our key and core suppliers, representing approximately 30% of our total spend.

The Suppliers Code of Conduct is available on our corporate website and it contains requirements in the field of compliance to the laws of the applicable legal systems, of maintaining compliance systems and of the suppliers' capacity of demonstrating a satisfactory record of compliance with the laws and widely accepted forms of fairness and human decency in their conduct. The covered areas are:

- prohibition of corruption & bribery;
- no unfair business practices;
- anti-discrimination;
- no harsh or inhumane treatment;
- freely chosen employment and prohibition of child labor;
- freedom of association & collective bargaining;
- fair working hours, fair wages & benefits;
- health & safety of employees;
- environmental protection;
- supply chain security (AEO and CT-PAT).

The Agfa Supplier Code of Conduct is part of our key suppliers' contracts and is a condition to enter into business. Agfa Purchasing Department ensures that suppliers sign the Code of Conduct.

Our performance in 2020 and our commitment for the future

In 2020, 100% of the contracts signed by key and core suppliers included the Agfa Supplier of Conduct (100% in 2019).

Respect of human rights is for us the moral imperative to our license to operate as a business. This will continue to be one of the key pillars of the work we do, to define the partnerships we are going to engage in and the priorities of our business strategy in the future.

Performance

Our values

Agfa strives to make its customers successful and be their partner of choice for the long term, be it for imaging and information systems or for any other partnership aiming at sustainable innovation. The company does this by offering leading edge technology, affordable solutions and innovative ways of working, based on its in-depth understanding of the businesses and the individual needs of its customers. To succeed, investing in innovation and delivering top quality solutions are key.

Operating in a responsible, sustainable and transparent way is as important. We are convinced that this is the right approach for the long-term success of our company.

Scope of the data reported and reporting process

Unless stated otherwise , the quantitative data reported in this chapter cover all Agfa's manufacturing sites, administrative facilities and sales organizations worldwide. While the quantitative data always refer to the full scope, to simplify the reading of this report for some of the material topics, we provide descriptive details on the management approach solely for the sites having the biggest contribution to the overall impact.

2020 in a snapshot

In short, 2020 was the year we stepped up our ambition regarding Agfa's sustainability transformation.

While sustainability has always been a part of Agfa's DNA, the efforts and resources to address sustainability priorities and to systematically include them in the business strategy had been so far mainly addressed at team and divisional level. Most of our activities in the course of 2020 aimed at building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

With this in mind, the main focus in 2020 at Agfa was to:

- Support the global transition to green energy by setting a new efficiency standard for advanced alkaline electrolysis in the production of green hydrogen with our ZIRFON UTP 500+ electrolysis membrane;
- Structure even more our commitment to embed sustainability as a decision factor in our go to market strategies by formalizing the global goal of 'no sustainability throwback' for new products;
- Support our customers to be successful in this unprecedented year:
    - via our HealthCare Enterprise Imaging offer - enabling better alignment of medical treatments amongst professionals, maximizing remote collaboration and optimizing both human potential and workflows;
    - we digitalized even more our stakeholders' engagement, e.g. via a broad offering of online trainings, demos, events and favoring electronic management of documentation;
- Submit pre-registrations to comply with updates of the chemicals' inventories in Russian, Turkey and Australia and Implement the new Korean packaging legislation;
- Prepare for the implementation of the new European system to report to Poison Control Centers.

Agfa's impressive
IP portfolio

878
active patent families

3,749
active patent rights

We invest
5.5 %
of revenue in R&D

OUR STRATEGY? **SUSTAINABLE INNOVATION!**

20%
of our digital plates users in North America are GREENWORKS accreditated

GREENWORKS

Agfa's ZIRFON UTP 500+ membrane delivers 2.5% higher yield of green hydrogen gas production:
A NEW EFFICIENCY STANDARD

1. Responsible production

We take full responsibility for our products and thereby we critically examine the safety, health and environmental impacts and the legal compliances throughout each stage of the product's life cycle. To do that, we apply a three-steps approach:

1. A strong product stewardship & quality assurance
2. Research & innovation to develop new sustainable solutions
3. Engagement across the full value chain

In this view, the principles of Agfa's Corporate Safety, Health and Environment Policy are:
- Comprehensive environmental protection and occupational safety are given the same priority as customer orientation, high product quality and commercial efficiency;
- Products and processes are designed, developed and manufactured to minimize the impacts to the environment and the occupational safety and health risks of all the phases of the life cycle;
- Agfa advises its customers, its employees and the authorities with an evaluation of its products and manufacturing processes, in all matters pertaining to health, safety and environment;
- Agfa informs its stakeholders on a yearly basis on its safety, health and environment performance through a Corporate Sustainability Report which is an integrated part of the Group's Annual Report.

Material Topic: Product Stewardship & Service Quality

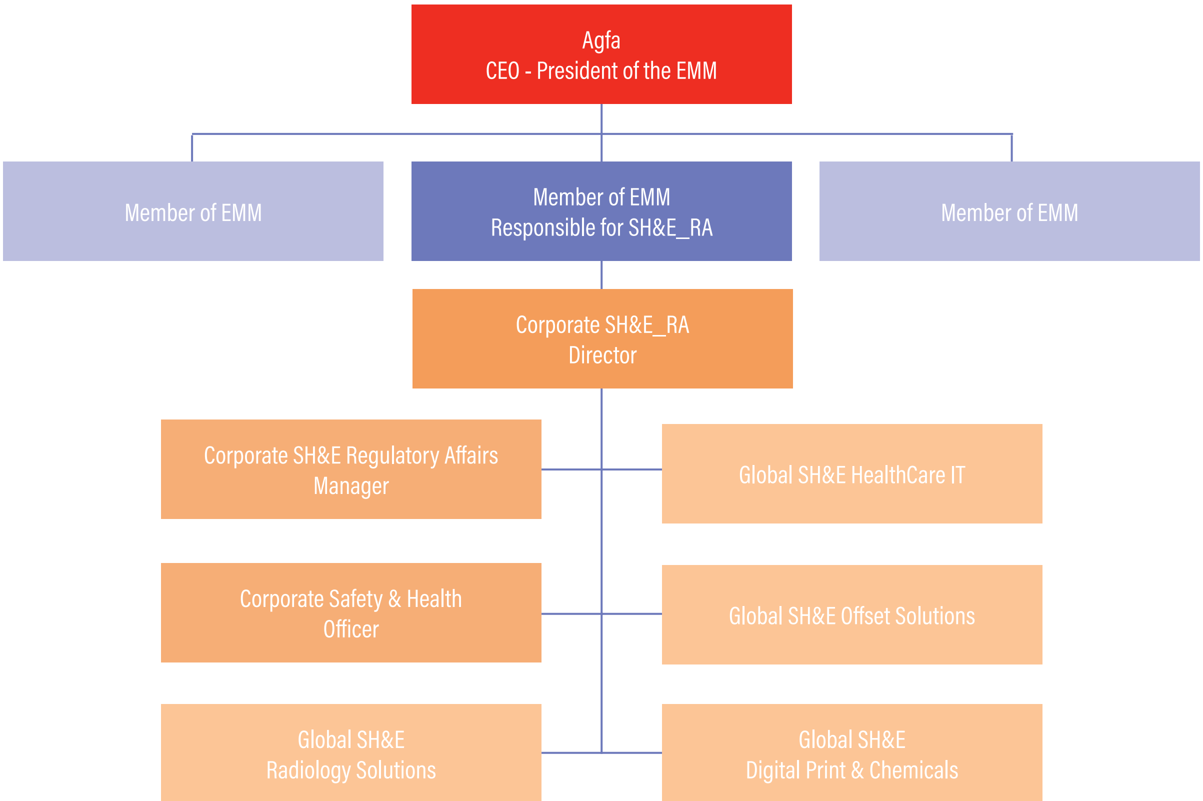
The way Agfa ensures its products are safe and manages the impacts of different products and materials at different stages in their production, use and disposal.

Relevance and boundaries

As stated in our Safety, Health & Environment (SH&E) policy, product stewardship is a paramount corporate commitment.
We buy, use and sell chemical products globally. Hence, the proactive management of our chemicals on-site and beyond, including the engagement with suppliers and downstream users, is the pre-requisite to deliver safe and useful products to the market. Basis for a successful product stewardship are regulatory compliance to existing legislation, proactive anticipation of future requirements and a deep understanding of the impacts on our products and services of market developments, to ensure service-oriented customers' relations. This section focuses specifically on SH&E regulatory affairs management.

Our management approach

The different activities around SH&E management are built on the basis of our internal Corporate Safety, Health and Environment (SH&E) policy. Each division unit appoints a SH&E Manager who contributes to the roll-out and evaluation of the corporate SH&E policy and objectives and is member of the Corporate SH&E Management Committee. The policy is reviewed at least every three years, unless the management committee considers it relevant to do it more often. The SH&E Management Committee also monitors the constant development of legislation worldwide for the chemicals at our sites.
The local management of our sites is responsible for implementing the Corporate SH&E policy and for complying with the local legislation that is applicable to the operation of the manufacturing site itself, under the coordination of the plant S&H coordinator. To ensure the highest S&H standards, we have different policies in place at each site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant.



A Rationalization Committee of Chemicals (RCC) is in place to support the overall implementation of legislation regarding chemicals. It is composed of managers appointed by different business lines and it meets every quarter to align on chemicals substitution strategy or other actions to continue to stay compliant with current and future legislation. Due to the nature of our products, the RCC pays particular attention to certain (groups of) substances and specific regulations:

- CMRs – following our CMR policy (available on our website) Agfa products by design do not contain any CMR category 1A or category 1B substances at market introduction. CMR category 2 substances are only allowed if a technical investigation found their use unavoidable and safe use has been proven;
- REACH regulation – including both concentration limits, but also information exchange requirements for the different end-users;
- SVHC – for which we routinely assess safer potential alternatives;
- End-customers' own restriction lists – we ensure our solutions meet compliance rules of specific procurement criteria and restrictions that are defined by the end customers of our own products;
- Eco-labelling criteria – upon request of our customers, we provide products that fulfill the criteria of specific labeling schemes, e.g. the Nordic Swan or the EU Ecolabel.

Our goal is to always strive for a zero non-compliance policy regarding the different guidelines listed above.
For this reason, we have an internal system in place to report and assess any non-compliance to the guidelines and policies. When a non-compliance is identified, either preventively by our own audit, or reported by a customer or an authority, we ensure the process is adapted to prevent future repetitions.

Our 2020 performance and activities

In 2020, we continued our efforts around sound chemicals' management to ensure full compliance of our portfolio to binding legislation. In addition to the continuous processes supporting this, in 2020 we focused on:

- Submission of pre-registrations to comply with updates of the chemicals' inventories in Russia, Turkey and Australia;
- Implement the new Korean packaging legislation;
- Prepare for the implementation of the new European system to report to Poison Control Centres;
- Provide expertise for a sector-wide impact analysis of Silver reclassification proposal led by the European Precious Metals Federation (EPMF).

Material Topic: Sustainable business solutions and production

The way Agfa progressively improves the sustainability profile and performance of products and services in its portfolio, ensuring they are environmentally and socially responsible.

Relevance and boundaries

We believe that sustainable business solutions and production are essential to realize our growth strategy. This is why we are committed to considering sustainability as a decision factor in our go to market strategies. In 2020, we have formalized this commitment by defining the global goal of 'no sustainability throwback' for new products. This will translate into not marketing new products without having carried out a full assessment of their sustainability profile already at design phase, on top of assessing the potential market success. Such assessment shall consider the impact of new solutions along the full life cycle, both in terms of our own environmental and social footprint, but also ensuring that new solutions can help our customers reducing their own footprint or bring consistent added value to society at large, e.g. via more sustainable healthcare.

Our management approach

The topic of sustainable business solutions and production is broad and it comprises many different processes and involves many different layers of our organizational structure. Hence, its management approach is multi-layered:

- Global level: for the definition of corporate strategy, global goals and markets where we want to make an impact;
- Plant level: for the sustainability performance specific to the environmental footprint of products' manufacturing;
- Division level: for the development of sustainable business solutions and services.

While the first two layers are described in the chapters on 'Sustainability' and 'Planet' respectively, the development of new sustainable business solutions is driven by each Business Unit with the support of the Corporate Sustainability Office. Our teams of products' specialists, i.e. Product Lines Teams and Strategic Lines teams, are those best placed to identify improvements opportunities and assess market readiness for new developments thanks to their knowledge of our customer base and the way each line internally works.

To achieve these ambitious objectives, a series of processes are in place, including:

- Progressive transition to circular economy as essential for a sustainable society. This, together with the environmental aspects (addressed more in detail under 'Planet') also entails the transformation of our business models as a whole, closer cooperation and often shared resources and common strategy with customers and suppliers;
- More explicit focus on sustainability in the assessment of markets' needs via stronger stakeholders' engagement;
- Development of sustainability criteria at product level to allow decision-making at R&D level;
- Data management for efficient exchange of information, which allows for better decision making and data protection.

For some of our products and services we also rely on insights coming from market guidance by making use of sustainability certification and labelling schemes or sectoral best practices, if those exist. For instance, we refer to GREENGUARD certification for our inks. The GREENGUARD certification is granted to products that meet some of the world's most rigorous chemical emissions standards, helping to reduce indoor air pollution and the risk of chemical exposure. Our wide-format UV LED inkjet inks obtained the GREENGUARD Gold Certification, which includes health-based criteria for more than 360 VOCs and also requires lower total VOC emission levels. This ensures that the products are acceptable for use in sensitive indoor environments, like schools and healthcare facilities, and for prints that cover all walls of a room – not just as signage or partial wall decoration.

Beneath are some examples of our sustainable solutions; more details under 'Business Activities 2020'.

- **ECO³: cost efficiency, ecology and extra ease-of-use**
  ECO³ program is a made-to-measure screening of customers prepress and printing processes, aiming at optimizing the whole process and resulting in saving on the use of ink, paper and water, and in reducing waste generation.
- **Chemistry-free printing plates**
  Both in the commercial segment and in the newspaper segment of the printing industry, with these chemistry-free computer-to-plate (CtP) systems, printers can reduce their environmental footprint, lower their operating costs and boost their efficiency. Over the past decade, more than 90% of our customers in the newspaper segment have already switched to chemistry-free technology.
- **Circular business model for printing plates**
  The system allows printing plates to be offered to large printing houses in a closed supply system, in which they are collected after use and sent back to the aluminum producer for recycling. This collaboration across the supply chain between us, the aluminum supplier, the logistic partners and the printing company supports our transition to a progressively more circular economy.
- **Sustainable and safe healthcare**
  Our healthcare solutions provide professionals with tools and skills to transition from analog to digital imaging technology and support to connect all stakeholders in the healthcare sector. Integrated healthcare systems collect and analyze data to predict and prevent potential care-related complications and can help managing chronic diseases and detecting health problems developing in a population at an early stage. These improvements in the quality and efficiency of patients' care goes together with high vigilance to ensure the security of data and systems.

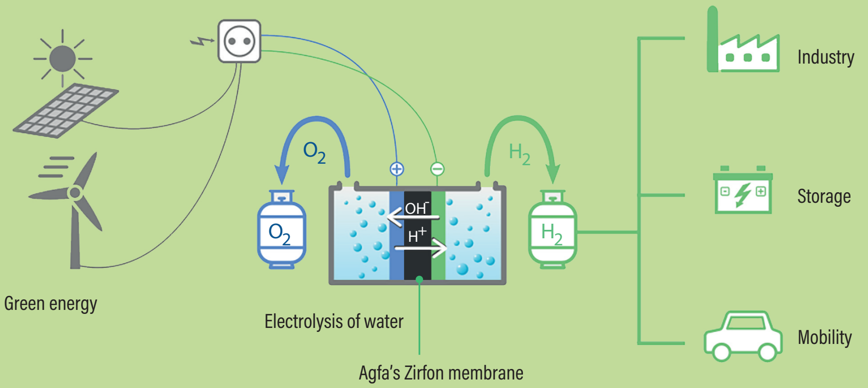
Our 2020 performance and activities

Continued efforts to provide sustainable solutions to the market. In particular, we:

- supported the global transition to green energy;
  - by setting a new efficiency standard for advanced alkaline electrolysis in the production of green hydrogen with our ZIRFON UTP 500+ electrolysis membrane, which allows for a 2.5% higher yield of hydrogen gas;
  - by working on our Orgacon ICP dispersions, which are key components in 48V hybrid polymer capacitors. Orgacon is used as an electrode and enables high reliable capacitors for hybrid electrical vehicles;
- launched the second version of the Adamas chemistry-free offset printing plate, which eliminates the need for rinse water and replaces chemicals with a pH neutral gumming solution. These upgrades result in a waste decrease up to 75% compared to similar products and a safer work environment.

How do our membranes help the move to a greener energy?

Green hydrogen: production and applications



In addition, in 2020 we started to benchmark existing tools and approaches from peers to develop a systematic assessment at R&D design phase of products' sustainability. The objective is to use this benchmark as starting point to clearly assess our products portfolio, implement the assessment of sustainability within the design framework and quantitatively map our portfolio against it. This will be a key activity in the coming years.

More sustainable healthcare – the role of our Enterprise Imaging Platform

Agfa HealthCare's Enterprise Imaging Platform offers by default a comprehensive approach to our sustainability strategy as a whole, contributing to several objectives at once:

- **Through digitized workflows, it maximizes remote collaboration and it reduces paper and medical film usage**
- **By optimizing medical imaging equipment capacity across health systems, it maximizes the human potential**
- **By minimizing unnecessary treatments and contributing to less human errors, it supports the quality of care**
- **By better aligning medical treatments amongst professionals, and better engaging with the patients and their referring physicians, it increases satisfaction of both professionals and patients alike.**

Over 2020, the COVID-19 outbreak has posed enormous efficiency and productivity challenges for our customers. As the Enterprise Imaging Platform is designed for modularity and flexible deployment, the value brought to healthcare professionals was more meaningful than ever. Among other highlights, we created a single, scalable, secure and modular platform that allowed our customers to implement an Enterprise Imaging strategy at their own pace. We also used the modularity of our platform to expand the use of the workflow engine beyond the current service lines, e.g. radiology, cardiology, and to address workflow optimization challenges faced by our customers. We couldn't be prouder to have supported the workers in the front lines in this difficult year!

Material topic: Sustainability in the value chain

The way Agfa manages its responsibility towards the sustainability practices of its supply chain. This includes how to address economic impact.

Relevance and boundaries

Taking full responsibility for our products means looking at our value chain as a whole. Firstly, to ensure business continuity, which is essential to fulfill our commitments towards our stakeholders. Secondly, to ensure we do business with partners who respect our values and stand for ones we can support. This means considering partnerships as a key tool to drive business sustainability transformation. Our value chains are extended and diverse due to the variety of products and services and the multitude of markets we work in. They include the wide range of our suppliers, e.g. raw materials and packaging suppliers, our distributors, our customers and many more. Basis for supply chain sustainability management are a detailed supply chain analysis and monitoring, an informed risk assessment and a set of policies to deal with our partners, e.g. Supplier Sustainability Declaration (SSD), Code of Conduct, SH&E, Supplier Performance Standard, ... One of the horizontal enablers of these processes is the exchange of information across the value chain. This section focuses specifically on two of our groups of partners, i.e. customers and suppliers.

Our management approach

The exchange of information across our value chain happens across multiple channels. At global level we use our corporate website, e.g. to make Safety Data Sheets (SDSs) for all our products available, and our Annual Report to disclose progress regarding our sustainability performance. These are complemented by a series of tools relevant at local level and/or more adequate for specific markets. The management of our engagement, instead, is normally specific to each target group.

Suppliers

The engagement with our suppliers is coordinated at local level, following the specific local and national legal requirements. Each region is in charge of mapping and assessing its own suppliers via its Purchasing Department. Processes are set up to comply as a minimum with the guidelines of ISO 9001.

To assess suppliers, we use an internal 'scorecard' system that looks at the performance of the suppliers, including an assessment or audit rating, health hazard evaluations and number of complaints and corrective actions taken on them.

Moreover, as already mentioned under the 'People' chapter, our key and core suppliers have signed the Agfa Supplier Code of Conduct (CoC). The CoC is available on our corporate website and it contains requirements in the field of compliance to the laws of the applicable legal systems, of maintaining compliance systems and of the suppliers' capacity of demonstrating a satisfactory record of compliance with the laws and widely accepted forms of fairness and human decency in their conduct.

Customers

The engagement with our customers is coordinated at local level by each division, following the specific local and national legal requirements.

Some regional programs are set up at regional level, based on the regional context and the customers' interest in engaging on sustainability specifically. For instance, we set up GREENWORKS in North America, a customer accreditation scheme that recognizes customers in the graphic communications industry who have demonstrated environmental responsibility and achieved greener outcomes through the use of technology, products, services and practices.

As of 2020, approximately 20% of Agfa's digital plates users in North America have received GREENWORKS accreditation.

GREENWORKS™

Our commitment for the future on responsible production

Product stewardship is certainly the area of responsible production where our management approach is more mature: we have a dedicated team, clear policies. It is already fully embedded in our way of working and in our DNA. This is why the commitments ahead of us are clearer and more detailed. In this area, beyond complying with all the upcoming new regulations, our efforts will be focused on the implementation of the requirements defined in the context of the Green Deal and, in particular, the Chemicals Strategy for Sustainability. We consider this of utmost importance to drive the entire industry towards more sustainable production and we will fully support it, both via all our sectors' associations and our own processes.

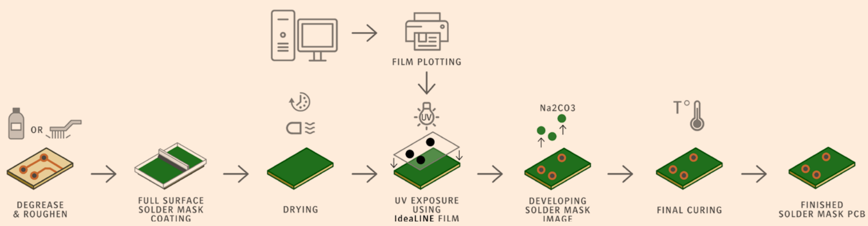
In the coming years we also intend to better structure our approach to delivering sustainable business solutions and to managing sustainability in the value chain. Even if we are already extremely active in these areas, we mainly address these processes at divisional level and 'per market'. While the divisions know our customers better, and will continue to be in charge of defining the right approach, we are structuring the definition of corporate sustainability goals and targets.

Sustainable business solutions for the functional inkjet inks for the Printed Circuit Board (PCB) and Metal Structuring industries

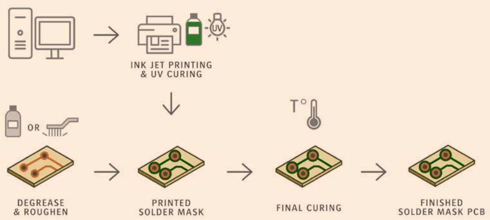
A good example of a sustainable innovation are the functional inkjet inks for the Printed Circuit Board (PCB) and Metal Structuring industries. As an alternative production method for the conventional lithographic process, inkjet printing directly from Computer Aided Design/Computer Aided Manufacturing reduces the customers' set-up time and infrastructure needs, as well as their water and energy consumption. As an additive process, inkjet also eliminates material waste and is without a doubt the more environment friendly option for PCB manufacturing.

A comparison between the conventional (lithographic) and digital (inkjet) processes at
https://www.agfa.com/specialty-products/solutions/printed-circuit-boards/solder-masking/

CONVENTIONAL SOLDER MASKING / PROCESS STEPS



DIGITAL SOLDER MASKING / PROCESS STEPS



2. Innovation and investments

Material topic: Innovation and investments

The way Agfa innovates and structures its investments in R&D to improve product, process and application technologies through a customer-driven approach, investigating new applications for existing products and improving sustainability and environmental protection. This includes the digitalization of the current product portfolio.

Relevance, definition and boundaries

Innovating is part of our DNA and we consider it essential for the realization of our growth strategy. Each year, we therefore invest 5-6% of our turnover in R&D. In addition to developing new products, we are constantly looking for solutions that not only reduce our own ecological footprint, but also that of our customers, a deliberate focus.

Product and technology innovation at Agfa strives for sustainable value creation for our customers and other stakeholders, an objective which is embedded in our ideation processes.

Our management approach

In 2019, we set up the Innovation Office (IO) to structure our innovation generation process. The IO fulfills a corporate function at global level, which ensures full synergy and cross-fertilization between different areas with a potential for innovation. The IO looks at societal and market trends to identify where Agfa can develop new business in adjacent and less adjacent markets and technologies. This is done either by leveraging existing core competencies, as well as by developing new markets and technologies.

The IO reports directly to Agfa's Executive Committee and it is supported by our Materials Technology Centre (MTC), an R&D group which has been historically operating as Agfa competence center by supporting the divisions specifically on technological innovation for materials and processes.

The IO stimulates the innovation culture throughout the organization and fosters an entrepreneurial behavior, looking both at internal and external sources. To this extent, the IO sets up a continuous ideation process selecting, validating and ranking proposals. The ideas are assessed through a tailored scoring methodology, which takes into account the attractiveness of the market segments, the commercial success factors, the technical feasibility and sustainability criteria regarding People & Planet.

The evaluation of changing business models is also an important assessment criterion. A relevant example for us is certainly within digitalization and Software as a Service.

We involve our customers and other industry stakeholders in our innovation process through our sales and service teams. They are best placed to capture the needs of our customers – and by extension of society.

Collaboration and open innovation are stimulated to accelerate the introduction of solutions in markets where we are not present today. Collaboration with startup and scale up networks is set up to accelerate the exploration and validation of ideas in new applications or unknown markets, but also to encourage a learning mindset and stimulate employees to dare to leave the comfort zone. For instance, by engaging the IO and other co-workers in corporate venture projects and with business angels.

One way we share our chemistry expertise is via Agfa-Labs, our open innovation platform for materials and coating research. Through this platform, we support the industry to investigate the potential use of materials in applications such as life sciences, construction, plastic & polymers, ...

To support the different processes that ensure continuous innovation, we invest each year 5-6% of our turnover in R&D and innovation.

Our indicators

1. % annual turnover invested in R&D

Our 2020 performance and activities

In 2020, we have invested 5.5% of our turnover in R&D, which confirms our strong focus on continuous innovation. Our strong commitment is also shown by the series of collaborative innovation projects we set up, either Government/EU funded or industry funded, which aim is to contribute to continuous innovation either by improving the performance of existing materials or by developing new materials. In addition to the projects specifically aimed at environmental impacts reduction, described under the 'Planet' chapter, here are some examples of the spectrum of innovation activities we have been investing our resources in:

DUVAL

An EU funded project in collaboration with one academic partner to develop know-how on thin film evaporation, specifically for challenging products due to their chemical nature.

Atom and Flex

Two projects funded by the Flemish Government to develop flow chemistry solutions for a safer and more sustainable production of chemical building blocks. In the case of the Atom project, we are part of a wider consortium consisting of four industrial and four academic partners.

MMICAS

A project funded by the Flemish Government led by a consortium of three industrial and four academic partners to evaluate the possible use of ultrasound technology at industrial scale. This technology fits very well in the process intensification strategy, where solutions are developed for a more sustainable chemical production with regard to raw material use, energy use, waste generation and process safety.

In addition to these long-lasting projects, in 2020:

- We announced an agreement to assume ownership of Clariant's Electronic Materials portfolio, which will enable us to expand our Orgacon® portfolio of functional materials for Printed Electronics for automotive, industrial and clean energy applications;
- We announced the launch of our SmartXR portfolio, which uses a unique combination of hardware and AI-powered software to offer key assistance during the radiology routine. Integrated sensors and cameras combined with powerful AI software, 3D machine vision, deep learning and machine intelligence, support the radiographer with first-time-right image acquisition. By reducing retakes, SmartXR tools speed up the radiology workflow in an intuitive guided manner;
- We won two 2020 Product of the Year Awards in the UV Hybrid/Flatbed High Volume Production Class category from PRINTING United Alliance for the Oberon RTR3300 (in the RTR UV category) and the Jeti Tauro H3300 LED.

At the end of January 2021, Agfa owned 878 active patent families, together representing 3,749 active patent rights. Of these, 2,933 patents have been granted and the others were still pending. The biggest percentage corresponds to products from our Offset Solutions division.

Our commitment for the future

2020 was a challenging and transformative year for us. As we are in a process of internal reorganization to adapt our structure to the changing market demands, we are convinced that a continuous investment in research and innovation is the key to continue succeeding in our mission of being the partner of choice for the long term for our customers. Hence, R&D and innovation will continue to be at the core of our growth strategy, focusing both on improving the performance of existing solutions and in developing new ones.

3. Ethical business conduct & compliance

Material topic: Ethical business conduct & compliance

The way Agfa manages business practices regarding ethics, i.e. transparency, integrity, corruption, litigation and claims. It also includes corporate governance.

Relevance, definition and boundaries

We firmly believe we shall assume our full responsibility as a socially responsible company in all countries in which we operate worldwide. Our goal is to compete vigorously, independently, ethically and fairly.

Our management approach

The ethical behaviors that we expect from our employees and that we commit to as a company are described in our Global Code of Conduct.

The Code lists high-level principles that reflect our objective to grow in a sustainable way, taking into account the wishes and well-being of our stakeholders. However, ethical conduct is not limited to compliance with the Code, which is complimented by more detailed corporate and/or local policies that define how to roll-out those principles per each domain. The Code of Conduct is included as an appendix to the Corporate Governance Charter, available in the Investor Relations section of our website.

The Code of Conduct includes, among others, principles regarding:
- Zero-tolerance policy for bribery and improper payments, both accepted and executed;
- Zero-tolerance policy for conflict of interest and insider trading;
- Full compliance with competition laws of the EU and its Member States, and with the USA Antitrust;
- Strict respect of the intellectual property rights of third parties and agreed confidentiality rules and NDAs.

Violations of laws, regulations or Agfa-Gevaert Group policies – such as the Code of Conduct – on fraud, antitrust, corruption, conflicts of interest and other similar areas, can have serious consequences for the Group. Possible consequences include prosecution, fines, penalties, contractual, financial and reputational damage.

The behaviors covered by the Global Code of Conduct are defined by the Board of Directors and reviewed on a regular basis.

All employees are expected to respect the rules set out in the Code of Conduct. Furthermore, at regular intervals, top managers (hay grade 21 and above) are asked to confirm that they have read and understood the Code of Conduct.

To track and ensure compliance with the principles of the Code, Agfa has implemented whistle-blowing arrangements to deal with any issues that arise. Agfa's employees can at any time submit any question or complaint via email, phone or letter to their immediate superior or to the Group Compliance Office. Complaints and questions are handled in a systematic and confidential manner by the Group Compliance Office, who has appointed specialized and independent contact people.

In addition to the Global Code of Conduct there is also a specific Global Policy on Ethical Behavior for the Agfa Purchasing department, due to the specific nature of the tasks of this department, one of our key interfaces with the outside world.
This policy builds on the generic principles of the Code of Conduct and it specifically regulates the interactions with suppliers, government officials and other public bodies, providing specific examples of what is considered a potential breach of the rules and of how employees are expected to behave in such circumstances.

Our 2020 performance and commitment for the future

Contrary to 2019 when no complaints have been reported, one complaint was reported in 2020 via the whistle-blowing procedure for an alleged breach of the Agfa Code of Conduct. The Internal Audit has analyzed the allegations and it concluded that there was no breach. We are very proud of this result and we strongly encourage for compliance with the Agfa Code of Conduct for all employees and will continue to do so in the future.

We continue to report zero legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation.

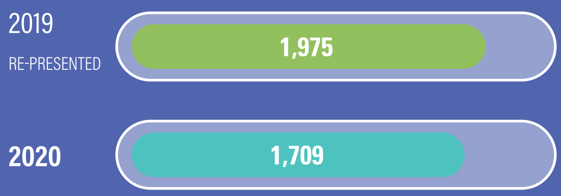
Comments on the Consolidated Financial Statements

Statement on re-presented profit and loss numbers

As from 2019, the Agfa-Gevaert Group has adopted the IFRS 16 accounting rules. The tables below present the profit and loss numbers including the impact of IFRS 16.

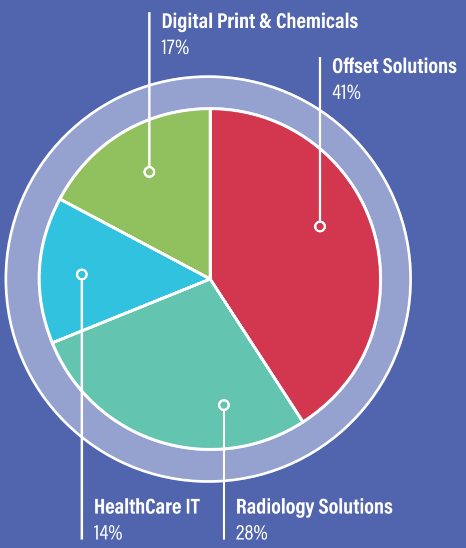
In July 2019, the Group terminated its inkjet media reseller activities in the USA. To allow correct comparison, the year-to-date numbers have been re-presented. In May 2020, the Group closed the sale of part of its HealthCare IT activities. The numbers of 2019 have been re-presented.

REVENUE (MILLION EURO)

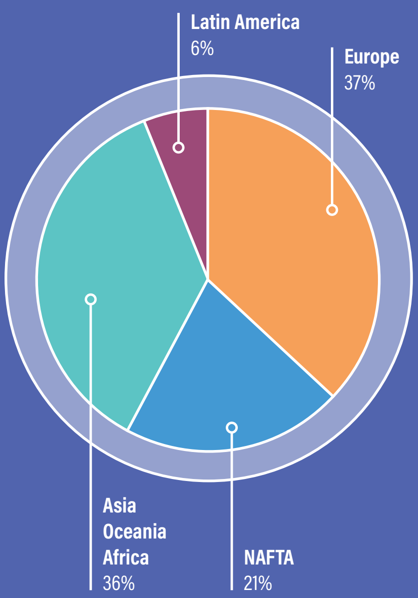


SHARE OF GROUP REVENUE 2020

BY BUSINESS GROUP



BY REGION



Revenue

Excluding the effects of the sale of part of the HealthCare IT activities in May and currency effects, the Agfa-Gevaert Group's revenue decreased by 12.7%. The Imaging IT and Direct Radiography growth engines performed well, despite the effects of COVID-19 on the business environment. The issues in the offset printing industry, as well as the COVID-19 impact on the medical film business and the Digital Print & Chemicals division significantly impacted the Group's top line. In the second half of the year, most businesses started to recover.

HealthCare IT

As mentioned before, part of the division's activities were sold early May 2020. The state-of-the-art Imaging IT solutions business was not included in the sale and continues to be a key business for the Agfa-Gevaert Group. Robust project revenues in North America, and especially the delivery of Enterprise Imaging solutions to the AdventHealth group in Florida in the second quarter, positively influenced the results of the business. In the short term, Agfa's strategy to target customer segments and geographies for which its Enterprise Imaging solution is best fit and to prioritize higher value revenue streams still has a negative influence on total revenues, as less desirable revenue streams are being abandoned or wound down. In line with expectations, the division posted a 4.6% revenue decrease in 2020.

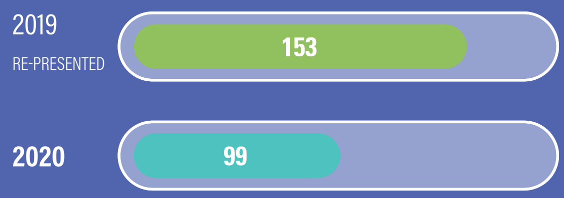
Radiology Solutions

Agfa's Direct Radiography business grew by double digits, driven by its innovative mobile DR solutions and by comprehensive contracts with large care organizations all over the world. Mobile devices can be used to perform high-quality bed-side X-ray examinations, even in intensive care units. For these solutions, Agfa gained market share as it reacted adequately to the market disruption caused by COVID-19. Furthermore, it is improving the profitability of its DR product range, partly because it increased its efficiency in providing services remotely.

The division managed its Computed Radiography range well and succeeded in safeguarding the profit margins. Service revenues for this business area were kept at a decent level. Partly market driven and partly due to effects related to COVID-19, the CR top line declined. Private practices in India, Latin-America and other geographies are postponing their investments in CR equipment. In order to improve its competitiveness, Agfa is adjusting its CR equipment production capacity to the declining market trend.

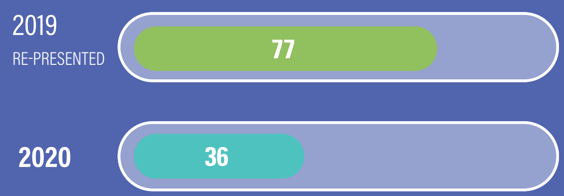
The medical film product range's top line was impacted by COVID-19, as hospital visits not related to COVID-19 are being postponed, resulting in a lower demand for medical film in India, Latin-America and other geographies. Furthermore, the business started to face increased price and volume pressure in the fourth quarter due to new centralized procurement practices in China.

ADJUSTED EBITDA [1] (MILLION EURO)



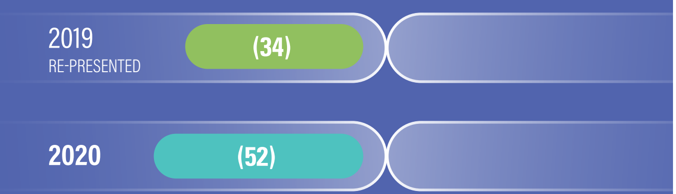
(1) Before restructuring and non-recurring items

ADJUSTED EBIT [1] (MILLION EURO)



(1) Before restructuring and non-recurring items

RESULT FROM OPERATING ACTIVITIES (MILLION EURO)



RESULT FOR THE PERIOD (MILLION EURO)

Digital Print & Chemicals

In the field of digital print, the ink product ranges for sign & display applications continued to perform well. On the other hand, the large-format printing equipment business faced a strong COVID-19 impact throughout the year. Many companies are postponing investments in new printing machines. However, in this difficult environment, Agfa maintained its market share. Furthermore, Agfa continues to invest in its innovative product portfolio in order to be ready for the post-COVID market rebound. In the course of 2020, Agfa has added several new members to its family of large-format printing machines.

The sales of inks for industrial applications grew sequentially. Agfa recently commercially launched solutions for new digital printing applications, such as laminate floorings and leather. Solutions for other new applications (e.g. in the field of packaging) are being developed. In the fourth quarter, Agfa introduced the InterioJet water-based inkjet printing system for printing on decor paper used for interior decoration, such as laminate floors and furniture.

Volumes of the division's range of films and foils decreased versus the previous year, as these products are mostly used in industries that have been hit by the COVID-19 pandemic, including aeronautics, the oil and gas industry and the printing industry.

Offset Solutions

Excluding currency effects, revenue decreased by 15.5% to 704 million Euro due to COVID-19 related effects – including adverse price/mix effects – and the structural decline of the offset markets. The pandemic caused a decrease in advertising and commercial activities, leading to lower print volumes and a lower demand for printing plates. The division's top line started to recover in the second half of the year.

With 41% of revenue, Offset Solutions is the largest division. Radiology Solutions represents 28%, HealthCare IT 14% and Digital Print & Chemicals 17% of Group sales.

In 2020, Europe accounted for 37% of Group revenue (2019: 43%). NAFTA represents 21% (2019: 21%), Asia/Oceania/Africa 36% (2019: 29%) and Latin America 6% (2019: 7%).

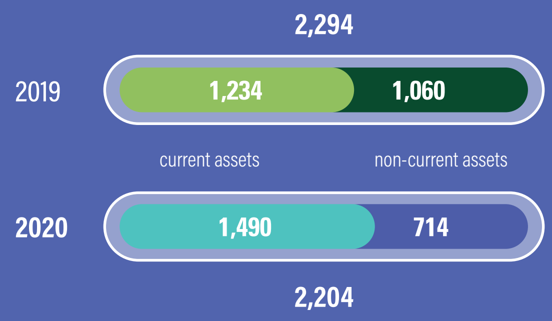
Results

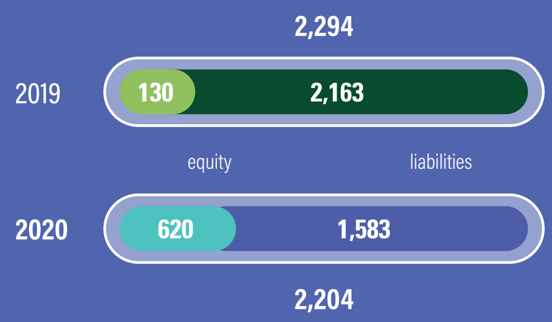
The Group's gross profit margin amounted to 28.9% of revenue, versus 29.9% in 2019.

Mainly driven by improved service efficiencies related to the further maturing of the service organization and product offering, the HealthCare IT division's gross profit margin reached 43.9% of revenue, versus 39.7% in 2019. Adjusted EBITDA more than doubled to 23.7 million Euro (10.3% of revenue). In addition to the elements mentioned above, this was also due an increased level of remote sales and service activities and to temporary, COVID-19-related cost savings. Adjusted EBIT improved strongly to 14.3 million Euro (6.2% of revenue), from 0.7 million Euro (0.3% of revenue) in 2019.

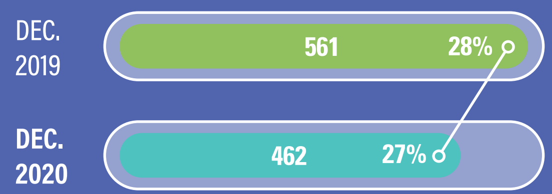
The Radiology Solutions division's gross profit margin decreased from 37.5% of revenue in 2019 to 35.3%, as improved service efficiencies in DR were not able to compensate for the volume decrease in medical film and CR. The division's adjusted EBITDA margin amounted to 15.6% of revenue, versus 18.1% in 2019. In absolute figures, adjusted EBITDA reached 75.8 million Euro (97.1 million Euro in 2019). Adjusted EBIT amounted to 51.9 million Euro (10.7% of revenue), versus 72.4 million Euro (13.5% of revenue) in the previous year.

STATEMENT OF FINANCIAL POSITION (MILLION EURO)





TRADE WORKING CAPITAL (MILLION EURO/% OF SALES)



NET FINANCIAL DEBT (MILLION EURO)

In spite of the COVID-19 related top line decline, the gross profit margin of the Digital Print & Chemicals division remained almost stable at 28.0% of revenue. The fade-out of the effects of the strategic alliance for UV digital packaging inks with Siegwerk Druckfarben had a 5.8 million Euro impact on the division's results. Adjusted EBITDA margin evolved from 9.5% of revenue (33.8 million Euro in absolute figures) in 2019 to 6.5% (18.8 million Euro in absolute figures). Adjusted EBIT amounted to 8.6 million Euro (3.0% of revenue), versus 22.4 million Euro (6.3% of revenue).
The Offset Solutions division's gross profit margin decreased from 22.9% of revenue in 2019 to 20.0%. Adjusted EBITDA amounted to minus 2.6 million Euro (minus 0.4% of revenue) versus 27.9 million Euro (3.3% of revenue) in 2019. Adjusted EBIT amounted to minus 21.9 million Euro (minus 3.1% of revenue), compared to minus 1.1 million Euro (minus 0.1% of revenue) in 2019.

Selling and General Administration expenses were reduced by almost 60 million Euro (14.2%) versus the previous year based on the ongoing broad cost reduction program, as well as temporary measures.

R&D expenses amounted to 94 million Euro in 2020 (5.5% of revenue), versus 103 million Euro in 2019.

Adjusted EBITDA decreased from 153 million Euro (7.8% of revenue) in 2019 to 99 million Euro (5.8% of revenue). Adjusted EBIT fell to 36 million Euro, from 77 million Euro in 2019.

Largely related to the adaption of the manufacturing capacity for printing plates and CR equipment, restructuring and non-recurring items resulted in an expense of 88 million Euro, versus an expense of 111 million Euro in 2019.

The net finance costs amounted to 31 million Euro versus 38 million Euro in 2019.

Income tax expenses amounted to 15 million Euro, versus 14 million Euro in 2019.

Including the proceeds of the sale of part of the HealthCare IT activities, the Agfa-Gevaert Group posted a net profit of 621 million Euro.

Statement of financial position

At the end of 2020, total assets were 2,204 million Euro, compared to 2,294 million Euro at the end of 2019.

Trade working capital

Trade working capital decreased significantly from 561 million Euro (28% of sales) at the end of 2019 to 462 million Euro (27% of sales) at the end of 2020.

Financial debt

Due to the proceeds of the sale of part of the HealthCare IT activities, net financial debt evolved from 219 million Euro at the end of 2019 to a net cash position of 502 million Euro.

Pension liabilities

As mentioned previously, Agfa plans to spend about 350 million Euro of the proceeds of the sale of part of HealthCare IT (at an enterprise value of 975 million Euro) to increase the funding ratio of the funded pension plans in Belgium, the UK and the USA, as well as to implement pension de-risking actions. Agfa is well on track with this plan. The total amount contributed in 2020 was around 218 million Euro. During the first half of 2021, the remaining 130 million Euro will be invested.

Equity

In 2020, equity amounted to 620 million Euro, against 130 million Euro at the end of 2019.

Cash flow

Thanks to a reduction in working capital of about 100 million Euro, the Group generated a positive free cash flow before extra funding of the pensions of 15 million Euro.

Conclusion

Despite COVID-19, Agfa reached several key milestones in its transformation of the company, including the sale of part of the HealthCare IT activities which enabled a strong improvement of the Company's balance sheet. Agfa is making good progress with the revision of its operating model leading to significant cost improvements and improved working capital management, to be pursued further in the next years. Agfa's measures to restore the profitability of the Offset Solutions division showed their first results in the fourth quarter. Business-wise, the Imaging IT business more than doubled its adjusted EBITDA, the Digital Print & Chemicals division recovered throughout the year and Agfa's Direct Radiography business delivered double digit growth.

Agfa's cost mitigation and working capital reduction programs are also well on track. Agfa's management is very confident that the Company is taking the right steps to allow these growth engines to reach their full potential in the years to come.

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 11, 2021, were tested against the valuation rules by the Board of Directors, and approved in that form.

The following points, in particular, will be submitted to the General Meeting of Shareholders for approval:
The Annual Accounts close with a loss for the accounting year 2020 of 133,890,511.61 Euro.

Based on the profit or loss account, the Board of Directors concludes that the Company has suffered a loss for two consecutive years. Article 3:6 1, 6° of the Code of Companies and Associations requires that the Board of Directors justifies the accounting principles in the assumption of going concern. As the going concern assumption of a holding company, such as Agfa-Gevaert NV, basically depends on the group as a whole, the Board refers to the net cash position at Group level and the undrawn credit facilities available at balance sheet date.

It is proposed to allocate the result as follows:
deduction of the result carried forward by 133,890,511.61 Euro. As a result, the result carried forward will amount to minus 359,416,984.86 Euro.

Explanation of the most significant entries of the Annual Accounts

In 2020, the Company achieved a revenue of 369.9 million Euro. This means a decrease of 13.5% compared to the revenue of 2019 (427.5 million Euro). The decrease was mainly caused by an increase of the sales prices (+2.9%), a decrease of the volume/mix (-16.1%) and a negative currency exchange rate difference (-0.3%).

The 2020 operating loss amounts to 51.9 million Euro. This represents a decrease of 55.6 million Euro compared to 2019.

The financial result improved with 329.3 million Euro compared to 2019, resulting in a loss from operating activities before taxes of minus 134.2 million Euro versus a loss of 407.9 million Euro in 2019.

After income taxes (2020: 0.3 million Euro, 2019: 0.5 million Euro), the loss for the book year amounts to 133.9 million Euro (2019: -407.4 million Euro). This is a decrease of the loss with 273.5 million Euro compared to 2019.

In 2020, the Company spent an amount of 11.7 million Euro on research and development in Belgium.

In 2020, the number of Agfa-Gevaert NV employees in Belgium decreased by 84 to 1,990 employees on December 31, 2020. This decrease is the result of the recruitment of 63 new employees and 147 employees leaving the Company.

In 2020, the permanent establishment of the Company in the UK booked a loss of 19.0 million Euro.

Radiology Solutions

Agfa's Radiology Solutions division is using new technologies and traditional know-how to create medical imaging solutions that open up new views to care-takers and meet the ever evolving needs of healthcare providers. By supporting them in the migration process from analog to digital, Agfa helps its customers to improve the quality and efficiency of their patient care. Every single day, Agfa proves that medical imaging is in its DNA.

Radiology Solutions in 2020

Agfa's Direct Radiography business grew by double digits, driven by its innovative mobile DR solutions and by comprehensive contracts with large care organizations all over the world. Mobile devices can be used to perform high-quality bed-side X-ray examinations, even in intensive care units. For these solutions, Agfa gained market share as it reacted adequately to the market disruption caused by COVID-19. Furthermore, it is improving the profitability of its DR product range, partly because it increased its efficiency in providing services remotely.

The division managed its Computed Radiography range well and succeeded in safeguarding the profit margins. Service revenues for this business area were kept at a decent level. Partly market driven and partly due to effects related to COVID-19, the CR top line declined. Private practices in India, Latin-America and other geographies are postponing their investments in CR equipment. In order to improve its competitiveness, Agfa is adjusting its CR equipment production capacity to the declining market trend.

The medical film product range's top line was impacted by COVID-19, as hospital visits not related to COVID-19 are being postponed, resulting in a lower demand for medical film in India, Latin-America and other geographies. Furthermore, the business started to face increased price and volume pressure in the fourth quarter due to new centralized procurement practices in China.

The division's gross profit margin decreased from 37.5% of revenue in 2019 to 35.3%, as improved service efficiencies in DR were not able to compensate for the volume decrease in medical film and CR. The division's adjusted EBITDA margin amounted to 15.6% of revenue, versus 18.1% in 2019. In absolute figures, adjusted EBITDA reached 75.8 million Euro (97.1 million Euro in 2019). Adjusted EBIT amounted to 51.9 million Euro (10.7% of revenue), versus 72.4 million Euro (13.5% of revenue) in the previous year.

MILLION EURO	**2020**	2019	% change (excl. currency effects)
Revenue	**485**	536	-9.4% (-8.3%)
Adjusted EBITDA (*)	**75.8**	97.1	-21.9%
% of revenue	15.6%	18.1%	
Adjusted EBIT (*)	**51.9**	72.4	-28.4%
% of revenue	10.7%	13.5%	
Results from operating activities	**20.3**	64.2	-68.3%

(*) Before restructuring and non-recurring items

The expert in medical imaging

Agfa is a global provider of traditional X-ray film, hardcopy film and printers, digital radiography equipment and image processing software. Its roots are in traditional medical imaging, but in today's healthcare market, digital radiography has become the dominant technology.

Due to the competition of softcopy diagnosis, the market for hardcopy film – on which digital images are printed – is declining in the US and Western Europe. In the emerging countries, this market segment is still growing. Besides hardcopy film, Agfa also supplies hardcopy printers that enable clinicians to print digital images made by general radiography equipment, as well as images made by other modalities, including CT and MRI scanners.

In digital radiography, Agfa is active with both Computed Radiography (CR) and Direct Radiography (DR) systems. Compatible with traditional radiography equipment, CR offers image intensive departments an affordable entry to digital imaging. DR is often the technology of choice for hospital departments demanding a higher throughput and immediate availability of high-quality digital images. Furthermore, mobile DR equipment allows for bed-side imaging, e.g. in emergency rooms or ICU's. Many hospitals combine CR and DR technologies to cover all their X-ray imaging needs. As a technology leader in both areas, Agfa is in a unique position to offer tailor-made solutions to healthcare facilities planning to invest in digital imaging.

All Agfa's CR and DR systems are offered with its leading MUSICA image processing software and its MUSICA workstation for image identification, acquisition and quality control.

60% - 30%

Healthcare organizations report that Agfa's DR solutions and MUSICA software allow them to reduce X-ray doses by up to 60% [1] and to increase their productivity by up to 30%.

440,000

Agfa has installed over 7,500 DR systems all over the world. Together, they account for over 440,000 imaging exams per day. [1]

[1] Testing with board-certified radiologists has determined that Cesium Bromide (CR) and Cesium Iodide (DR) Detectors, when used with MUSICA image processing, can provide dose reductions between 50 to 60%, compared to traditional Barium Fluoro Bromide CR systems. Contact Agfa for more details.

#CountOnUs

During the COVID-19 pandemic, Agfa's main focus is to make sure that customers can continue to count on the know-how of the service teams. The company is helping hospitals all over the world to fight COVID with successful and fast installations of CR and DR equipment. Furthermore, Agfa supports hospitals all over the world with extra services, such as free software tools that help them to get faster and more accurate X-ray images. Examples on how Agfa and its employees support care providers in their battle against COVID-19 can be found in the dedicated #CountOnUs section of the division's website.

Bedside imaging

At the end of 2019, Agfa launched its new mobile DR 100s system. In 2020, the system quickly found its way to healthcare organizations all over the world.
As it can be used to perform high-quality bedside X-ray examinations, the system is a valuable tool in the fight against COVID-19.

X-ray intelligence at work

End of 2020, Agfa launched its SmartXR Assistant, offering X-ray intelligence at work, shaped from the real experiences of radiographers. With its unique combination of hardware and AI-powered software, SmartXR's predictive workflow assistance boosts radiographers' productivity.

Commercial successes

In 2020, numerous hospitals and hospital groups decided to install Agfa's radiology solutions. At the end of the year, Agfa had a global installed base of over 69,000 DRYSTAR hardcopy printers and 81,500 digital radiography solutions, all with its leading MUSICA Nerve Center and image processing software.

Radiology Solutions **Customer cases**

Municipal Clinical Hospital no. 11 (Russia)

In Barnaul, Russia, Municipal Clinical Hospital no. 11 has been named a COVID-19 care site for children and pregnant women. The hospital recently added three Agfa mobile DR Retrofit systems, and the MUSICA Chest+ gridless chest imaging software, to its portfolio of digital Agfa imaging solutions. The new equipment is helping the hospital meet its need for fast, high-quality, hygienic bedside imaging to address the COVID-19 driven elevated demands, as well as the more usual, high-productivity needs.

"With COVID-19, we need to be able to divide the flow of patients very quickly into clear and suspected cases. The speed and mobility of the DR Retrofits increase our productivity."

Olga Larionova, head of the X-ray department of the Municipal Clinical Hospital no. 11

North Middlesex University Hospital NHS Trust (UK)

The North Middlesex University Hospital NHS Trust is one of London's busiest acute service hospitals. In 2018, the hospital replaced its mobile CR units with three Agfa DX-D 100 DR mobile solutions. In 2020 , they added two DR 100s mobile imaging units.

The new units are an answer to the need for bedside chest X-rays across the hospital: for pediatrics, neonatal, the ICU, the emergency department and resuscitation area, as well as for critically ill patients on the wards.

"The DR 100s has met all our expectations. Not only do the staff like working with it, but as a manager, I am reassured that it is safer for the radiographers to use, while also increasing productivity."

Ms. Dawn Hopkins, General Manager for Cancer and Diagnostics at North Middlesex University Hospital

Sidilega Private Hospital (Botswana)

The newly built, state-of-the-art Sidilega Private Hospital in Botswana, chose to install Agfa's DR 800 multi-purpose direct radiography room, DX-D 600 fully-automated X-ray room and DR 100e mobile imaging unit. The Sidilega Private Hospital is the first hospital in Botswana to implement the DR 800. This versatile solution can handle a full range of radiography and fluoroscopy exams.

"We are convinced that Agfa is providing us with world-class equipment that will support our goal to provide comprehensive, efficient and high-quality care services in a safe and patient-centric environment."

Dr. Shakil Rasul, Executive Director of Sidilega Private Hospital

Hancock Health (Indiana, USA)

Full-service healthcare network Hancock Health serves Indiana's Hancock County and surrounding areas, through the Hancock Regional Hospital and more than 20 other healthcare facilities. The expanding healthcare provider has installed Agfa's DR 800 multi-purpose digital imaging room to support its imaging and efficiency needs.

"The DR 800 meets our very specific needs: much lower dose even with a higher frame rate, fluoroscopy imaging without a separate R/F room, and easy use with our advanced mobile surgical chairs. The installation went smoothly and seamlessly."

Lisa Wood, Imaging Director of Hancock Health

Ilawa (Poland)

For Powiatowy Szpital w Ilawa in Poland, the DR 800 with digital tomosynthesis offers a new choice: a fast, economical and low-dose technique to separate anatomical overlap in a variety of applications.

"Having the digital tomosynthesis with our DR 800 offers us an additional imaging choice that speeds up diagnosis. It reveals things that might not be visible with classical X-ray. Yet it can be done without moving the patient from the X-ray department."

Robert Zbyslaw, Radiologist, Ilawa Hospital, Poland

Agios Dionysius Hospital (Greece)

With the Mammo DR Retrofit, Agios Dionysius Hospital, Greece, finds that any hospital – no matter the size – can offer its patients and staff the quality and workflow benefits of DR mammography.

"The Mammo DR Retrofit is a good choice for small hospitals. Our constant aim is to provide excellent patient care, including through lower dose potential and higher mammography image resolution. The Retrofit is helping us achieve our goals on all these levels."

Nektarios Lavoutas, B.O.D Member – Procurement & Technical Dept. Manager, Agios Dionysius Hospital, Aegina Island, Greece

HealthCare IT

At the forefront of Medical Imaging IT Software

The HealthCare IT division transforms the delivery of care through 'anywhere, any time, any place' access to all patient imaging data. Built on a long history in health-care and with a proven track record as innovators, in-depth medical knowledge and strategic guidance, Agfa HealthCare is the partner of choice for leading health-care organizations around the globe. With its flagship Enterprise Imaging Platform and its other best-of-suite Imaging IT software solutions Agfa HealthCare provides secure, effective, and sustainable imaging data management.

HealthCare IT in 2020

In May 2020, part of the Agfa HealthCare IT activities were sold. The state-of-the-art Imaging IT solutions business was not included in the sale and continues to be a key business for the Agfa-Gevaert Group. Agfa's Imaging IT solutions are a comprehensive answer to the mission-critical needs of care providers to manage all medical images. In spite of the uncertainties due to the COVID-19 situation, the outlook for value creation in the Imaging IT solutions business remains very positive.

In 2020, robust project revenues in North America, and especially the delivery of Enterprise Imaging solutions to the AdventHealth group in Florida in the second quarter, positively influenced the results of the business.

In the short term, Agfa HealthCare's strategy to target customer segments and geographies for which its Enterprise Imaging solution is best fit and to prioritize higher value revenue streams still has a negative influence on total revenues, as less desirable revenue streams are being abandoned or wound down. In line with expectations, the division posted a 4.6% revenue decrease in 2020.

Furthermore, the strategy translates into a continuous improvement of gross profit margins. Mainly driven by improved service efficiencies related to the further maturing of the service organization and product offering, the gross profit margin reached 43.9% of revenue, versus 39.7% in 2019. Adjusted EBITDA more than doubled to 23.7 million Euro (10.3% of revenue). In addition to the elements mentioned above, this was also due to an increased level of remote sales and service activities and to temporary, COVID-19-related cost savings. Adjusted EBIT improved strongly to 14.3 million Euro (6.2% of revenue), from 0.7 million Euro (0.3% of revenue) in 2019.

MILLION EURO	**2020**	2019 Re-presented	% change (excl. currency effects)
Revenue	**230**	**241**	-4.6% (-3.0%)
Adjusted EBITDA (*)	**23.7**	**11.8**	100.2%
% of revenue	10.3%	4.9%	
Adjusted EBIT (*)	**14.3**	**0.7**	
% of revenue	6.2%	0.3%	
Revenue from operating activities	**13.2**	**(6.9)**	290.3%

(*) Before restructuring and non-recurring items

Medical Imaging IT Software

Agfa HealthCare's Medical Imaging IT Solutions equal reliability and efficiency for care providers around the world. With innovation deeply rooted in its DNA and building on more than 100 years of experience, Agfa HealthCare became one of the first companies in the early 1990's to supply radiology departments with its Picture Archiving and Communication Systems (PACS) to efficiently store, manage, process and distribute digital medical images.

As health networks become bigger and bigger and the need for higher productivity and better care delivery increases, care providers understand that it is crucial to efficiently capture, aggregate, share and mine all imaging related information. Across the globe care organizations start to look for a more integrated imaging strategy and the consolidation of fragmented and siloed Imaging IT solutions into a more unified enterprise-wide approach.

Agfa HealthCare anticipated on this demand and in 2014 pioneered again when bringing its flagship Enterprise Imaging Platform to the market. The unified Enterprise Imaging Platform creates a true longitudinal imaging record for every patient. It is intended to address not only Radiology and Cardiology, but also the numerous departments and service lines across the healthcare enterprise that generate various forms of images. Through Agfa HealthCare's robust Enterprise Imaging Platform images and related data are instantly accessible throughout the hospital, the care organization, or even all care facilities included in a regional network. This way, the Enterprise Imaging Platform supports the delivery of timely diagnoses, enables the delivery of enhanced patient care and drives the health system's business, clinical and operational excellence.

From product development to implementation, Agfa HealthCare's best-of-suite Imaging IT software solutions are purpose-built to reduce complexity and to support healthcare providers to achieve their clinical, operational and business strategies.

#StrongerTogether

As a healthcare IT partner, Agfa HealthCare is deeply committed to support care providers and the communities they serve, in addressing current COVID-19 challenges. Under the hashtag #StrongerTogether, the division shares how its clients are making use of its software to efficiently triage, report and collaborate on COVID-19 cases across quarantine lines.

In addition, specific configurations are being designed together with care providers. Those are subsequently published on the division's website, so that others can benefit as well. From COVID-19 specific priority worklists and tools that allow home reporting and regional collaboration to solutions in collaboration with Microsoft, DELL and Barco, Agfa HealthCare's focus is on supporting its clients during these challenging times.

800+

Agfa HealthCare's Enterprise Imaging Platform is live in over 800 healthcare sites across the world.

The company's XERO Universal Viewer supports the extended care collaboration in close to 400 care sites.

Commercial successes

In challenging conditions, Agfa HealthCare successfully completed the implementation of Imaging IT solutions at various hospital groups and individual hospitals all over the world. Given the COVID-19 reality, implementations were often performed 100% remotely.

HealthCare IT **Customer cases**

Children's Minnesota (USA)

Children's Minnesota is one of the largest pediatric health systems in the United States with two hospitals, 12 primary care clinics, six rehabilitation and nine specialty care sites. In April, the go-live of Enterprise Imaging was planned, to seamlessly consolidate the Level 1 trauma center's cardiovascular IT systems into the Enterprise Imaging Platform. The escalating concerns regarding the COVID-19 forced a change in approach as Children's implemented a policy restricting on-site vendor engagement. Adamant that the planned go-live could proceed as planned, Agfa HealthCare switched to an implementation with 100% remote support. Children's Minnesota successfully went live with Enterprise Imaging for Cardiology as scheduled.

AdventHealth (USA)

With nearly 50 hospitals and hundreds of care centers in nearly a dozen of states, Florida-based AdventHealth is one of the leading health systems in the USA. Agfa HealthCare has been accompanying AdventHealth on their digital transformation for over 20 years. In 2019, to support the further growth of their care network, AdventHealth decided to transition to an enterprise-wide IT approach and consolidate all disparate imaging IT systems in the Agfa HealthCare Enterprise Imaging Platform. Just six months after the project kick-off and in spite of the COVID-19 challenges, the go-live started mid-June in the Midwest facilities of the group.

"We wanted to install one unified system, offering uniform and consistent user experiences for both staff and patients. Agfa HealthCare's solution is fully aligned with our vision. Our relationship is based on trust and transparency."

A.J. Scarlato, Director Enterprise Imaging Systems at AdventHealth

Yorkshire Imaging Collaborative (UK)

The Yorkshire Imaging Collaborative (YIC) is a combined technology and business transformation project aimed at unifying radiology imaging and report sharing between eight NHS trusts across Yorkshire, which collectively cover a patient population of over 3 million. In April 2020, the ongoing implementation of Enterprise Imaging and XERO Viewer across the Collaborative, was further reinforced with the XERO Exchange Network technology. With demand on departments only increasing due to the COVID-19 pandemic, this new technology enables the connected hospitals to diagnose patients who are transferred between sites at a much quicker rate than was previously possible.

"This new technology will transform the way hospitals deliver radiology services to patients for the better. Not only will the image sharing software reduce the time patients spend in hospital, it will allow for a quicker diagnosis and relieve pressures on radiology services across the region during this period of increased demand."

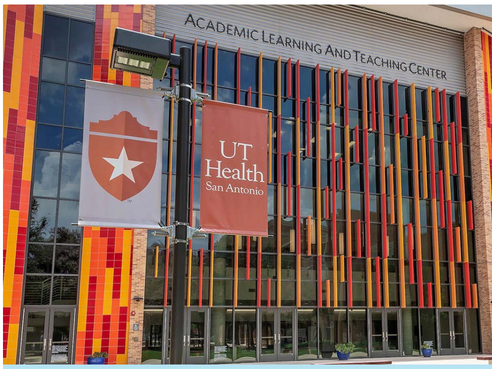
Daniel Fascia, Clinical Lead for the Yorkshire Imaging Collaborative

Texas University Health System (USA)

In 2019, Texas's University Health System made the decision to move all inpatient imaging off the radiology department's PACS and onto Agfa HealthCare's unified Enterprise Imaging Platform. The sprawling health system had bend under the weight of unintegrated imaging-management solutions from numerous vendors. Imaging consolidation would represent a sizeable step toward getting the entire health system to work like a unified enterprise instead of a patchwork of siloed groupings. Since the go-live the results have been game changing: a 15% improvement in efficiency overall, a really strong showing of uptime and a suite of collaboration and sharing tools that allowed Texas University Health System care professionals to put their heads together on patient care even in the pandemic environment.

"I would say we've had about a 15% improvement in efficiency overall — and a 30% improvement among our power users — using Agfa over our previous PACS. That's just from being able to move through images and to have queued up work lists. We don't have to hunt for comparison images, either."

Dr. Kal Clark, Vice Chair of Imaging Informatics, Texas University Health System



Istituti Fisioterapici Ospitalieri (IFO) (Italy)

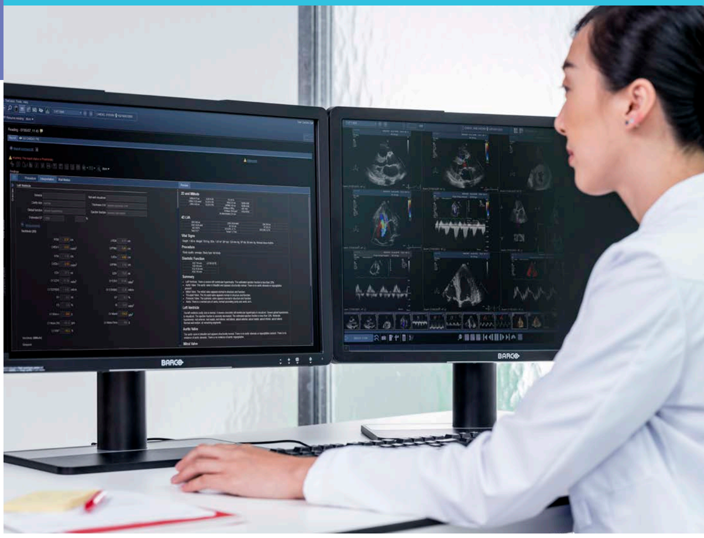
At IFO, Enterprise Imaging supports the multidisciplinary needs of the oncology hospital and research center, while enhancing the productivity of the radiology service.
As a renowned scientific institute for research, hospitalization and care IFO is committed to supporting patients and staff with the most up-to-date technology. The hospital regularly sources new software and medical equipment, and in June 2020 went live with Agfa HealthCare's Enterprise Imaging solution. The converged platform supports the multidisciplinary needs of the oncology hospital and research center. Since its implementation, the hospital has increased productivity in radiology, while strengthening its multidisciplinary approach by offering fast, secure and easy image access for specialists and researchers.

"At IFO, every single clinical case is discussed between a number of specialists, such as the oncologist, the radiotherapist, the surgeon, etc. The exchange of information is critical and Enterprise Imaging facilitates this."

Dr. Antonello Vidiri, Chief Radiologist

Six out of eight leaders choose Agfa HealthCare technology

Of the eight most innovative hospitals ranked in a recent Reaction Data report, Agfa HealthCare solutions are used in the large majority of the health systems, six out of eight to be precise. Published in Becker's Hospital Review (May 18, 2020), Reaction Data's annual Hospital Peer Review identified leaders in innovation, delivery transformation, and improving quality while containing costs.



Expert Team Collaboration in Enterprise Imaging powered by Agfa HealtCare XERO Viewer and Microsoft Teams

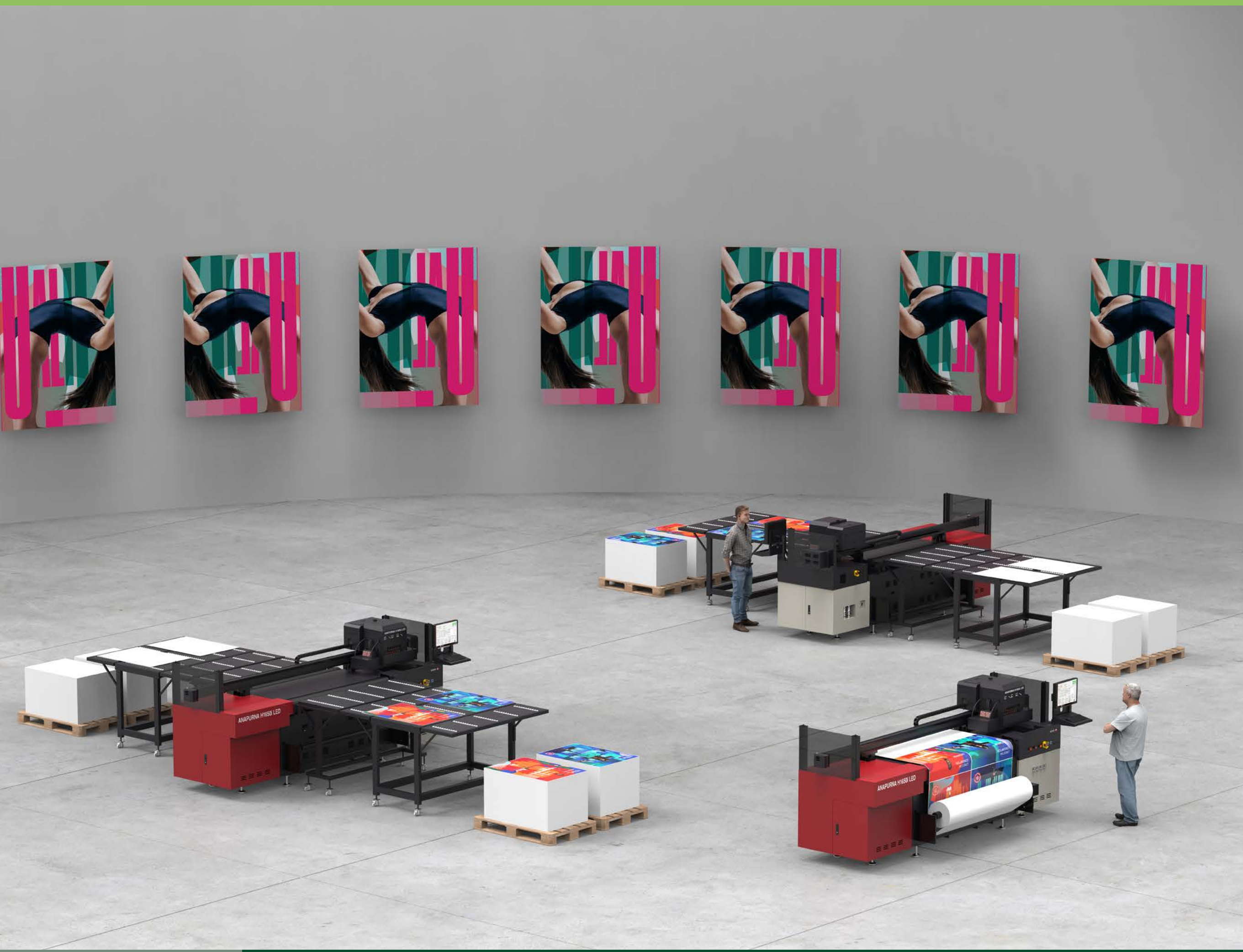
As a response to COVID-19 and the need for intra-hospital and outer-hospital collaboration and image sharing Agfa HealthCare and Microsoft joined forces to connect Agfa HealthCare's XERO Viewer and Microsoft Teams. The deployment of the integrated solution at Princess Alexandra Hospital NHS Trust in the UK allows over 450 users across the Trust to quickly and securely share urgent imaging results.

"Image sharing between staff now takes milliseconds, and it can be done from anywhere. One of the few positives to come out of the pandemic is the enthusiasm from staff for innovation; we have achieved more in the past couple of months than we have done in the last five years. Staff have seen the benefits that technology can provide in improving productivity and collaboration amongst teams, and most importantly, clinical care and patient outcomes."

Dr. James Diss, Radiology Registrar at Princess Alexandra Hospital (PAH) NHS Trust.

Digital Print & Chemicals

Agfa's Digital Print & Chemicals division is a leading supplier of digital printing solutions for sign & display and industrial printers as well as innovative products for niche industries. The division develops, manufactures and sells state-of-the-art printing equipment and software and a wide range of highly specialized inks for specific applications. Furthermore, the division supplies customers in a variety of industrial markets with a broad range of classic films and coated products.



Digital Print & Chemicals in 2020

In spite of the COVID-19 related top line decline, the gross profit margin of the Digital Print & Chemicals division remained almost stable at 28.0% of revenue. The fade-out of the effects of the strategic alliance for UV digital packaging inks with Siegwerk Druckfarben had a 5.8 million Euro impact on the division's results. Adjusted EBITDA margin evolved from 9.5% of revenue (33.8 million Euro in absolute figures) in 2019 to 6.5% (18.8 million Euro in absolute figures). Adjusted EBIT amounted to 8.6 million Euro (3.0% of revenue), versus 22.4 million Euro (6.3% of revenue).

In the field of digital print, the ink product ranges for sign & display applications continued to perform well. On the other hand, the large-format printing equipment business faced a strong COVID-19 impact throughout the year. Many companies are postponing investments in new printing machines. However, in this difficult environment, Agfa maintained its market share. Furthermore, Agfa continues to invest in its innovative product portfolio in order to be ready for the post-COVID market rebound. In the course of 2020, Agfa has added several new members to its family of large-format printing machines.

The sales of inks for industrial applications grew sequentially. Agfa recently commercially launched solutions for new digital printing applications, such as laminate floorings and leather. Solutions for other new applications (e.g. in the field of packaging) are being developed. In the fourth quarter, Agfa introduced the InterioJet water-based inkjet printing system for printing on decor paper used for interior decoration, such as laminate floors and furniture.

Volumes of the division's range of films and foils decreased versus the previous year, as these products are mostly used in industries that have been hit by the COVID-19 pandemic, including aeronautics, the oil and gas industry and the printing industry.

The specialty chemicals range of the division is well-positioned for future growth with products and solutions that target specific promising markets. For instance, Agfa has developed Orgacon conductive materials, used in hybrid and electric car technology. Furthermore, the company is in a good position to benefit from the rise of the hydrogen economy with its range of Zirfon membranes for advanced alkaline electrolysis, which is setting a new efficiency standard in the production of green hydrogen. In 2020, Agfa joined the European Clean Hydrogen Alliance, which brings together all stakeholders in the hydrogen value chain.

MILLION EURO	**2020**	2019 Re-presented	% change (excl. currency effects)
Revenue	**289**	355	-18.6% (-18.1%)
Adjusted EBITDA (*)	**18.8**	33.8	-44.3%
% of revenue	6.5%	9.5%	
Adjusted EBIT (*)	**8.6**	22.4	-61.4%
% of revenue	3.0%	6.3%	
Results from operating activities	**5.7**	**13.2**	-56.9%

(*) Before restructuring and non-recurring items

Digital print: state-of-the-art equipment and inks

Agfa supplies state-of-the-art wide-format inkjet print engines and UV-curable as well as water based inks for the professional graphic industry.

Sign & display print houses, as well as customers specializing in industrial print work, use Agfa's solutions to print on a wide variety of substrates, for an ever-growing range of applications, such as signs, posters and displays, promotional materials, packaging, and decorative materials.

Inkjet has become the most important alternative for screen printing, gravure printing and flexo printing technologies. For signage, displays and some decorative applications, wide-format inkjet technology is even able to offer solutions that cannot be answered with conventional equipment.

600 kg/340 m²

Agfa's new InterioJet 3300 inkjet system is designed for printing on decor paper used for interior decoration, such as laminate floors and furniture. It can print on two rolls at a time — each with a weight of up to 600 kg — at a speed of up to 340 m² per hour.

3,000

By the end of 2020, over 3,000 Anapurna and Jeti printers were installed at customer sites all over the world.

Commercial successes

In 2020, the COVID-19 pandemic strongly affected the market for wide-format printing equipment. However, the Anapurna and Jeti wide-format print engines continued to convince sign & display printers all over the world of their excellent print quality and high production speeds. The dedicated Asanti workflow software – which streamlines operations and guarantees color consistency – is often named by customers as an important advantage over the competition.

Besides hardware and software, Agfa also supplies a range of UV LED inks with which its sign & display customers can produce high-quality prints on a wide variety of rigid and flexible substrates. In addition to its inks for sign & display customers, Agfa also markets a unique range of high-performance UV-curable inks and water based inks for a broad range of industrial applications.

Award-winning equipment

In 2020, two Agfa large format printers won a Product of the Year award from the PRINTING United Alliance, which is one of the largest printing and graphic arts associations in the world.

The award-winning machines are the Oberon RTR3300 and the Jeti Tauro H3300 LED. The Oberon is a dedicated 3.3 m roll-to-roll printer featuring speeds up to 150 m^2 per hour. Its UV LED inks are optimized for flexible media. The Jeti Tauro H3300 LED printers easily handle extreme workloads. Suited for a variety of rigid and flexible substrates, the printers produce prints up to 3.3 m wide at speeds up to 453 m^2 per hour.

Agfa increases inkjet ink production capacity

In order to cope with growing volume demands, Agfa significantly invests in the expansion of its inkjet ink production capacity. A new manufacturing plant in Mortsel, Belgium, will focus on water based inkjet inks.
The new plant will enable Agfa to be a key supplier of aqueous inkjet inks for a wide range of novel applications. Its first target is the growing market of printing on decor paper for the production of laminate floorings and furniture panels. The second target is the promising market of inkjet printing on packaging.

Digital Print & Chemicals **Customer cases**

Solopress (UK)

Solopress are one of the largest online print businesses in the UK. Twelve months after the installation of two Anapurna H2500i LED wide format machines from Agfa, the company reports improved quality, reliability and great ink savings. The hybrid Anapurna H2500i LED uses UV LED curing technology to offer extremely high print quality, incredible productivity, and cutting-edge automation for countless rigid and flexible media applications.

“Buying the two Anapurna engines from Agfa has definitely been one of our best investment decisions. They have delivered more than we expected in terms of reliability, quality and ink usage.”

Jack Clifford, Head of Operations at Solopress

TVE Reclameproducties (The Netherlands)

TVE Reclameproducties is part of TVE Group, which counts nine companies specializing in indoor and outdoor visual communication. TVE Reclameproducties served as a test site for Agfa’s Oberon RTR3300 roll-to-roll inkjet printing machine, which combines extreme productivity and quality with an extensive media scope and a unique ease of use. The UV LED inks on the Oberon achieved the highest category of GREENGUARD Gold certification. They are ideal for seamless wallpaper applications, suitable for sensitive indoor applications such as schools and care institutions.

“The Oberon is a robust machine, built to European standards. The media reach is wide. If you cannot print media on the Oberon, you cannot print them on anything. Agfa’s service and support team is good. That’s why Agfa is the first to sit at my table when I need to take a next step.”

Hennie van Osch, owner of TVE Reclameproducties

Créavi (France)

For over twenty years, French sign & display manufacturer Créavi has been a specialist in large and very large format printing, evolving from screen printing to one of the largest digital large format printers in the country.
In 2020, they added an Agfa Jeti Tauro H3300 four-color configuration to the six-color version they have been using for two years.

"The productivity of the two Jeti Tauro printers is exceptional. We can switch print jobs quickly and from one substrate to another. Because the machines are fully automated, they work almost independently in three shifts. But also the print quality is excellent. The demands of our customers in this regard are constantly growing, but with the Jeti Tauros we can offer them exactly what they need. And all that with low ink consumption."

Dominique Robert, one of the owners of Créavi

TianYuan HuiBang Group (China)

TianYuan HuiBang Group is one of the largest interior decoration printing materials company in China. In 2020, they chose Agfa's InterioJet 2500 system solution for its short run & customization decor paper printing.

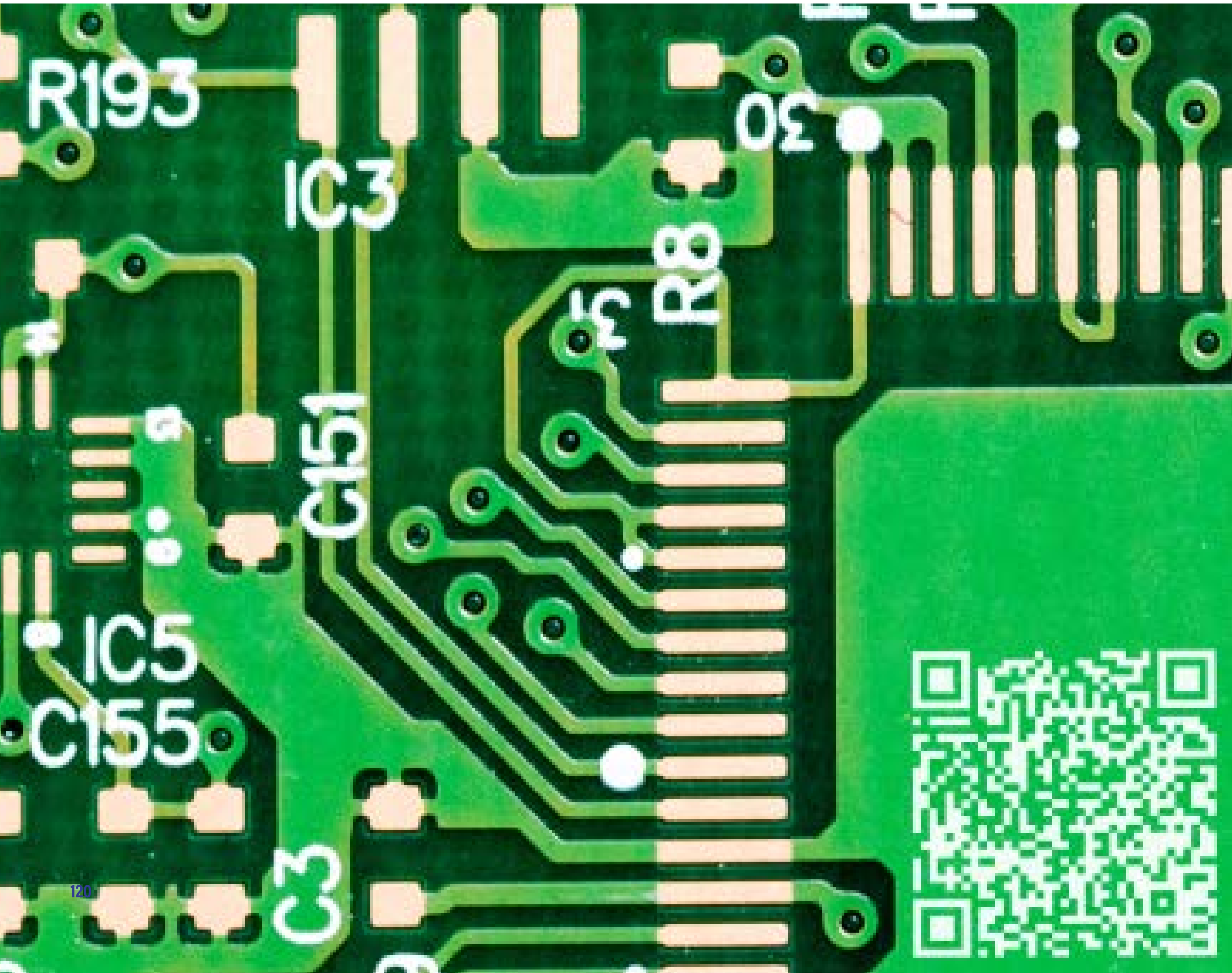
"Choosing Agfa's system solution & service is one of our best investment decisions. The InterioJet 2500 system with waterbase inks set & analogue primer makes the whole production completed. The printed paper fits perfectly with our traditional impregnation & lamination post process to assist us to build up a digital short run & customization new business."

Reset Zhang, CEO of TianYuan HuiBang Group

Chemicals: innovative solutions for industrial applications

Agfa supplies customers in a variety of industrial markets with a broad range of products. The company continues to manufacture classic film types for imaging markets outside the scope of the printing and healthcare markets such as film for non-destructive testing, aerial photography film and microfilm. Furthermore, Agfa develops and manufactures specialty foils for applications such as security documents and print media, as well as coatings and chemicals for promising growth markets. Through Agfa-Labs, the company shares its research knowledge and infrastructure commercially with third parties.

Materials for Printed Electronics: Agfa is a recognized expert in the field of conductive polymers for use in antistatic protection layers for films and components. Based on these products, Agfa has further developed its conductive Orgacon product line of printing inks, pastes and formulations for use in electronic devices and in – among other applications – capacitive sensors, touch screens and membrane switches. Agfa's portfolio includes highly innovative silver inks for the production of rigid and flexible printed electronic circuitry. Typical applications are printed RFID antennas and touch sensors. A promising growth market for Orgacon is the hybrid vehicle industry. Continuing the trend of the previous years, the Orgacon product line reported strong revenue growth in 2020.



New possibilities

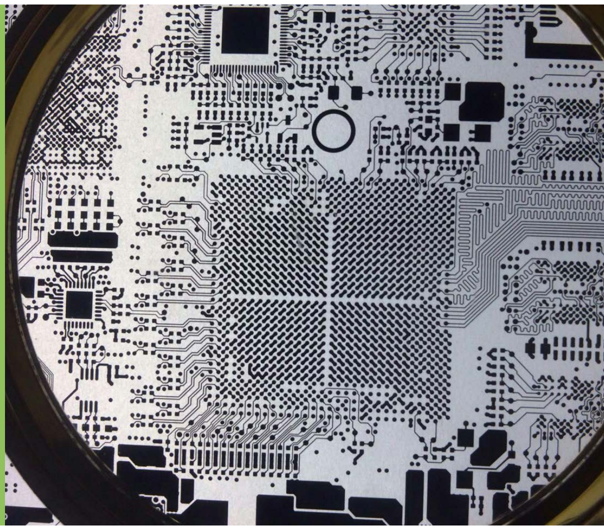
In November 2020, Agfa announced that it assumed ownership of Clariant's nanosilver conductive inks portfolio. With the transfer, Agfa expands its Orgacon portfolio for printed electronics applications. As a result, Agfa will be even better placed to serve new and existing customers with materials and know-how for creating innovative printed electronics products in e.g. the automotive, industrial and clean energy markets.

Materials for Printed Circuit Boards: Agfa is the world's most important manufacturer of phototooling film for the production of printed circuit boards (PCB) for the electronics industry. Manufacturers of electronics use the film to transfer the circuitry layout onto a copper laminate. As inkjet is identified as a promising technology for future PCB manufacturing, Agfa is focusing its R&D efforts on the development of inkjet inks for the production of PCB's. These inks are marketed under the DiPaMat brand and include etch resist, legend and solder mask inks.

Agfa's phototooling films and inks find their application also in chemical milling for the manufacturing of small mechanical parts and in metal decoration.

No. 1

With its Idealine range, Agfa is the number one phototooling film supplier worldwide. That makes it very likely that Agfa contributed to the production of your television set, PC, washing machine or any other object that operates with the use of PCB's.



Materials for green hydrogen production: With its Zirfon membranes, Agfa is in a good position to benefit from the rise of the hydrogen economy. Agfa's membranes are an essential part of electrolysis technologies for hydrogen production. Zirfon is a high yield separator membrane for use in advanced alkaline water electrolysis systems (separating water into oxygen and hydrogen) with exceptional durability even in a dynamic power supply environment. It is rapidly becoming the preferred choice of major research institutes and system developers as the replacement material for the traditional structures that include PPS cloth or asbestos.

Synthetic Paper: Agfa develops and markets a range of synthetic paper types as an alternative to laminated paper for applications with high demands on durability. Branded Synaps, the papers are valued for their print efficiency thanks to exceptionally quick ink acceptance and their resistance to water, tearing and UV light. Synaps papers can be printed with standard inks on offset presses as well HP Indigo and dry toner printers. They are suitable for a wide variety of applications, including labels, indoor and outdoor displays, signage and promotion printing.

European Clean Hydrogen Alliance

In 2020, Agfa joined the European Clean Hydrogen Alliance, which brings together all stakeholders in the hydrogen value chain. With its investment and projects program, the alliance will support the deployment of green hydrogen production, application demand and distribution.

Security Documents: The ever increasing attention for security and identification incites authorities to invest in high-tech ID documents of which the authenticity can be checked quickly and effectively. Agfa responds to this need for fraud-proof ID documents with film and chemistry solutions for ABSOLUT-ID, an innovative solution for card manufacturing.

Non-Destructive Testing (NDT): Agfa produces high-quality X-ray film for non-destructive testing of – among others – welds in pipelines, steel structures and fuselages. When Agfa divested its NDT business group to the General Electric Company (GE) in 2003, both parties signed a long-term agreement under which Agfa continues to supply X-ray film to GE Inspection Technologies (now Waygate Technologies). Agfa now acts as the exclusive manufacturer of Waygate Technologies' NDT X-ray films and related chemicals.

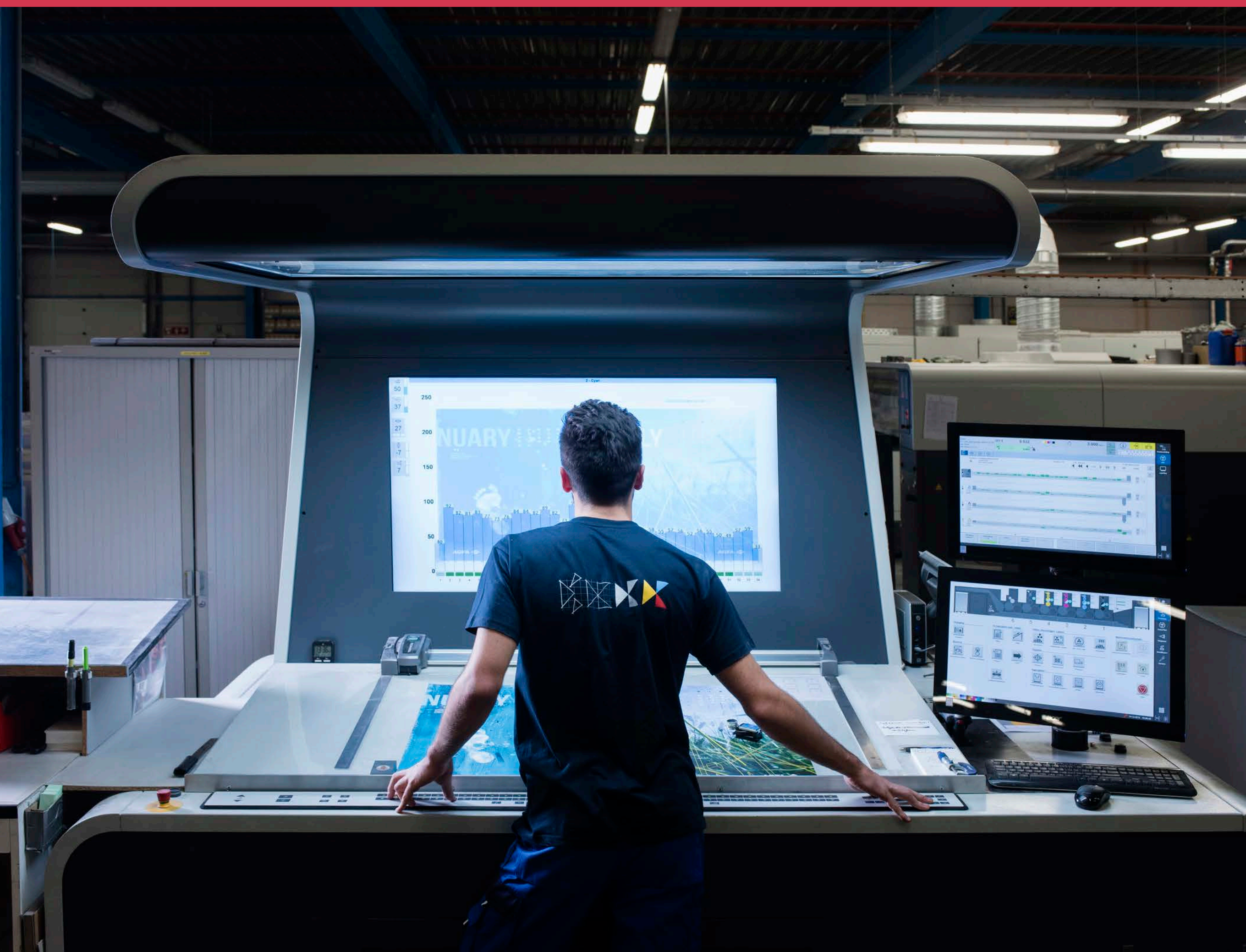
Aerial Photography: For the aerial photography industry, Agfa supplies films, chemicals and photo paper.

Microfilm: Agfa has a long-term exclusive supply agreement for microfilm with Eastman Park Micrographics (EPM). Under the agreement, Agfa manufactures microfilm and related chemicals for EPM. EPM distributes these products worldwide under its own brand name. Agfa's microfilm is known for its high sensitivity and exceptional image quality.

Agfa-Labs: Through Agfa-Labs, third parties have access to the knowhow of Agfa's researchers and the facilities of Agfa's Materials Technology Center. Agfa-Labs offers both analytical and development services in the field of materials and coatings. The Agfa-Labs website (agfa.com/agfa-labs/cases) contains case studies that show how Agfa assists companies in tackling challenges in various application fields.

Offset Solutions

Agfa’s Offset Solutions division aims to be the number one supplier of integrated prepress solutions for commercial, newspaper and packaging printing, as well as a leading supplier of security printing software solutions. Its mission is to enable graphic businesses to achieve profitable growth and stay ahead of their competition. The division delivers integrated solutions, which excel by being innovative and reliable, as well as sustainable and price-competitive. By doing so, it enables its customers to cost-effectively adjust to new market demands. Agfa’s range of consumables, hardware, software and services combines in-house and leading manufacturers’ technologies and know-how.



Offset Solutions in 2020

Excluding currency effects, revenue decreased in 2020 by 15.5% to 704 million Euro due to COVID-19 related effects – including adverse price/mix effects – and the structural decline of the offset markets. The pandemic caused a decrease in advertising and commercial activities, leading to lower print volumes and a lower demand for printing plates. The division's top line started to recover in the second half of the year.

The Offset Solutions division's gross profit margin decreased from 22.9% of revenue in 2019 to 20.0%. Adjusted EBITDA amounted to minus 2.6 million Euro (minus 0.4% of revenue) versus 27.9 million Euro (3.3% of revenue) in 2019. Adjusted EBIT amounted to minus 21.9 million Euro (minus 3.1% of revenue), compared to minus 1.1 million Euro (minus 0.1% of revenue) in 2019.

To improve profitability and to address the significant decline in market demand, Agfa is reviewing its offset business model, simplifying its organization and streamlining its product offering. The company also estimates that the current pricing levels in the industry are not sustainable. It is looking into ways to adapt the earning model for certain services it provides to its customers.
Agfa is also reorganizing its printing plate manufacturing capacity. The operations in the printing plate factories in Pont-à-Marcq (France) and Leeds (UK) were terminated in the course of the fourth quarter. The effects of these steps started to become visible in the division's fourth quarter results.

January 2021, Agfa expressed the intention to organize the Offset Solutions activities into a stand-alone legal entity structure and organization within the Agfa-Gevaert Group.

MILLION EURO	**2020**	2019	% change (excl. currency effects)
Revenue	**704**	843	-16.5% (-15.5%)
Adjusted EBITDA (*)	**(2.6)**	27.9	-109.3%
% of revenue	-0.4%	3.3%	
Adjusted EBIT (*)	**(21.9)**	(1.1)	
% of revenue	-3.1%	-0.1%	
Results from operating activities	**(60.8)**	**(80.4)**	24.4%

(*) Before restructuring and non-recurring items

A trusted partner for professional printers

Agfa's Offset Solutions division is a leading supplier of integrated prepress solutions, and security printing software. All over the world, professional printers and publishers rely on the division's experience and first-rate technology.

Prepress

The term prepress is used for the chain of processes that precede the actual printing process. Prepress activities begin after the print layout decisions have been made and end where the printing process itself begins.

Printers rely on Agfa's equipment, consumables (such as printing plates and graphic film), software and services for almost every stage in the preparatory process. The software tools are key elements in the overall solution offered to printers. They automate the prepress processes, guarantee better quality and improve cost efficiency.

Although Agfa's prepress solutions mainly target the info printing segment of the graphics industry, the Offset Solutions division also supplies prepress technology to customers specializing in offset and flexo printing for packaging purposes.

Agfa is a worldwide market leader in digital printing plates as well as in the field of eco-friendly chemistry-free printing plates. In addition, Agfa is one of the few remaining suppliers of graphic film.

40%

Agfa's SPIR@L and InkTune screening software technology allow printers to save up to 40% ink consumption in their offset printing process.

Globally, one in two newspaper printing companies are using Agfa's technology.

1/2

ECO^3

When developing and creating solutions – which include hardware, software and consumables – Agfa focuses on ecology, economy and extra convenience (ECO^3). By doing so, prepress and printing processes become cleaner and more cost efficient. Thanks to Agfa's ECO^3 solutions, printers can save up to 30% on ink and paper and up to 90% on water. Waste can be reduced by 50%. In 2020, Agfa introduced several new ECO^3 products, such as the Eclipse process-free printing plate that eliminates 100% processing waste.

Security printing

Agfa offers valuable software solutions to the different markets suffering from counterfeiting. Its dedicated security packages help designers of passports, tax stamps, lottery tickets, packaging and labels, concert tickets, stamps, certificates,... to stay a few steps ahead of counterfeiters and forgers.

70%

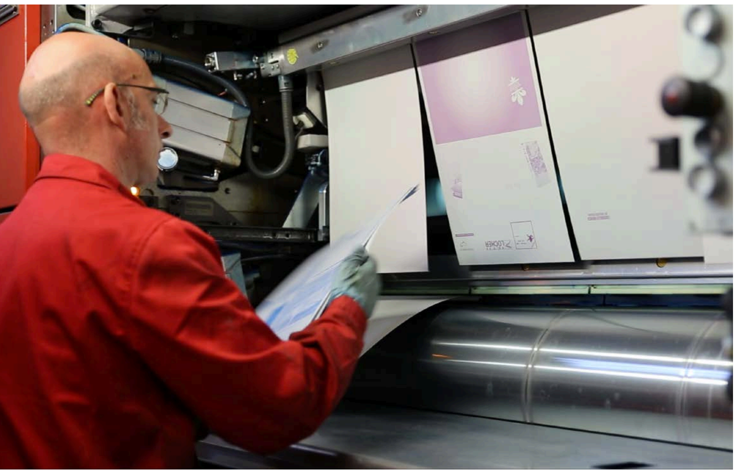
70% of all banknote printers in the world are using security printing software solutions developed by Agfa.

Commercial successes

Due to the COVID-19 pandemic and structural market evolutions, 2020 was a tough year for printers all over the world. Agfa continued to support them with state-of-the-art solutions and services.

Prepress

Both in the commercial and the newspaper segment of the printing market, Agfa in 2020 confirmed its strong position in the field of eco-friendly prepress technology. With these chemistry-free computer-to-plate (CtP) solutions, printers can minimize their environmental footprint, reduce their operational costs and boost their efficiency. In the commercial segment, Agfa is a technological and market leader with this chemistry-free CtP technology. Also in the newspaper segment, Agfa is setting the standard. In the past decade, over 90% of Agfa's newspaper customers worldwide have made the switch to chemistry-free technology.



In addition to platesetters and other equipment and printing plates, CtP solutions often include state-of-the art workflow software. At the end of the year, more than 9,500 Apogee software systems were installed at commercial print houses around the world. Agfa is also the world's leading supplier of prepress workflow software for the automation of the production of printed newspapers. Publishers can operate these Arkitex workflow systems in their local prepress departments, but Agfa also offers the software as a cloud solution.

Operating in a declining market

In 2020, the COVID-19 pandemic added to the structural issues in the offset industry. To improve profitability and to address the significant decline in market demand, Agfa is reviewing its offset business model, simplifying its organization and streamlining its product offering. Agfa is also reorganizing its printing plate manufacturing capacity. In 2020, the company decided to close the printing plate factories in Pont-à-Marcq (France) and Leeds (UK). In spite of the market evolution, Agfa has repeatedly expressed its commitment towards its customers. The company is determined to continue to support them with state-of-the-art equipment, software and consumables.

Offset Solutions **Customer cases**

Kandrup (Denmark)

Danish printer Kandrup recently converted to Agfa's breakthrough process-free printing plate Eclipse. They value the fact that the plate keeps their press clean, on top of its great contrast and scratch resistance. The company handles a variety of short-run commercial print jobs, both in offset and in digital printing. Kandrup has been an Agfa customer for more than ten years and owns a full-fletched Agfa prepress solution, consisting of a platesetter, printing plates with matching fountain solution, as well as workflow, impositioning and quality enhancement software.

"The new process-free printing plate Eclipse has a good and stable contrast. There are absolutely no mix-ups on press. Its scratch resistance is great too, and we see no fingerprints on the plate. The people at Agfa discuss new trends and developments with us, give us advice, make proposals and share tips and tricks. We have an excellent cooperation!"

Thomas Thomsen, owner of Kandrup

Burke Group (Canada)

With a rich 118-year history, the Burke Group of Edmonton, Canada, knows how to evolve through the decades successfully. Today, the organization is a top leader in the Canadian printing industry. Their strategy is to increase customer value by becoming a single, in-house source for quality print, signage, direct mail, graphics design, and digital services. As part of its sustainability objectives, the Burke Group started to use Agfa's Apogee workflow software and Energy Elite Pro no-bake, thermal plates.

"Apogee is easy-to-use. We tried other software solutions but Apogee was in our opinion the best fit for the needs of our plants. Training staff on Apogee is easy, it's simple, powerful and intuitive."

Brad Clark, Prepress Manager at Burke Group

WebPrint (Ireland)

For several years, newspaper and magazine printing company WebPrint had used simple FTP servers to receive customer files and automatically pass them on to their Arkitex Production software for processing and plate making. Recently, they exchanged their traditional FTP servers for Agfa's PrintSphere solution. With PrintSphere, WebPrint now benefits from an automated file input process and a secure backup and recovery if need be.

"From the start we believed PrintSphere could resolve several issues with FTP transfer as well as provide a more secure and reliable platform. PrintSphere is simple to use, simple to add new customers and, now that it is fully automated, requires no input on a day-to-day basis from us."

Barry Noonan, Production Manager WebPrint


NUARY
JULY
AGFA

Financial Statements

OPINION ON THE FAIR PRESENTATION IN ACCORDANCE WITH THE ROYAL DECREE OF NOVEMBER 14, 2007

The Board of Directors and the Executive Management of Agfa-Gevaert NV, represented by Mr. Frank Aranzana, Chairman of the Board of Directors, Mr. Pascal Juéry, President and Chief Executive Officer and Mr. Dirk De Man, Chief Financial Officer, hereby declare that, to the best of their knowledge,

- the consolidated financial statements give a true and fair view of the Group's net worth and financial position and of its results in accordance with International Financial Reporting Standards as adopted by the EU;
- the annual report gives a true and fair view of the developments and results of the Company and its subsidiaries included in the consolidated financial statements, as well as a description of the main risks and uncertainties which the Group is facing.

The accompanying notes are an integral part of these consolidated financial statements.

Table of contents

Agfa-Gevaert Group - Consolidated statement of profit or loss

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2019 (1) Re-presented	2020
CONTINUING OPERATIONS			
Revenue	8	**1,975**	**1,709**
Cost of sales		(1,387)	(1,215)
Gross profit		**589**	**494**
Selling expenses		(271)	(223)
Research and development expenses		(103)	(95)
Administrative expenses		(157)	(144)
Net impairment loss on trade and other receivables, including contract assets	22.2	(5)	(2)
Other operating income	9	41	39
Other operating expenses	9	(127)	(123)
Results from operating activities	6	**(34)**	**(52)**
Interest income (expense) – net		**(8)**	**(4)**
Interest income	10	2	1
Interest expense	10	(10)	(6)
Other finance income (expense) – net		**(28)**	**(26)**
Other finance income	10	8	2
Other finance expense	10	(36)	(28)
Net finance costs		**(36)**	**(31)**
Share of profit of associates – net of tax		-	-
Profit (loss) before income taxes		**(70)**	**(83)**
Income tax expense	17	(14)	(15)
Profit (loss) from continuing operations		**(84)**	**(98)**
DISCONTINUED OPERATIONS			
Profit from discontinued operation – net of tax	20	**36**	**719**
Profit (loss) for the year		**(48)**	**621**
Profit (loss) attributable to:			
Owners of the Company		(53)	613
Non-controlling interests		5	7
Earnings per share (Euro)			
Basic earnings per share / diluted earnings per share (Euro)	12	(0.32)	3.66
Basic earnings per share (Euro) continuing operations	12	(0.53)	(0.63)
Basic earnings per share (Euro) discontinuing operations	12	0.21	4.28

(1) Compliant with IFRS 5.33, the Company has disclosed in its Consolidated Statements of Profit or Loss and Comprehensive Income, a single amount comprising the total of the post-tax profit of discontinued operations and the post-tax gain on the disposal of the net assets constituting the discontinued operation. The Group has sold its reseller business in the US (July 2019) and part of Agfa HealthCare's IT business (May 2020). Therefore, the Company has re-presented these disclosures for prior periods presented being FY 2019.

Agfa-Gevaert Group - Consolidated statement of comprehensive income

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2019 [1] Re-presented	2020
Profit (loss) for the period from continuing operations		**(84)**	**(98)**
Profit (loss) for the period from discontinuing operations		**36**	**719**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		**7**	**(39)**
Exchange differences on translation of foreign operations	37.6	7	(39)
Cash flow hedges:		**10**	**10**
Effective portion of changes in fair value of cash flow hedges	37.4	(7)	7
Change in fair value of cash flow hedges reclassified to profit or loss	37.4	3	(1)
Adjustments for amounts transferred to initial carrying amount of hedged items	37.4	14	6
Income taxes	37.4	-	(2)
Items that will not be reclassified subsequently to profit or loss:		**(132)**	**(100)**
Equity investments at fair value through OCI - change in fair value	37.3	(1)	(1)
Remeasurements of the net defined benefit liability	37.5	(139)	(102)
Income tax on remeasurements of the net defined benefit liability	37.5	8	3
Total other comprehensive income for the period, net of tax:		**(114)**	**(129)**
Total comprehensive income for the period from continuing operations attributable to:		**(198)**	**(227)**
Owners of the Company (continuing operations)		(204)	(232)
Non-controlling interests (continuing operations)		5	5
Total comprehensive income for the period from discontinuing operations attributable to:		**36**	**719**
Owners of the Company (discontinuing operations)		36	719
Non-controlling interests (discontinuing operations)		-	-

(1) Compliant with IFRS 5.33, the Company has disclosed in its Consolidated Statements of Profit or Loss and Comprehensive Income, a single amount comprising the total of the post-tax profit of discontinued operations and the post-tax gain on the disposal of the net assets constituting the discontinued operation. The Group has sold its reseller business in the US (July 2019) and part of Agfa HealthCare's IT business (May 2020). Therefore, the Company has re-presented these disclosures for prior periods presented being FY 2019.

Agfa-Gevaert Group - Consolidated statement of financial position

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

MILLION EURO	Note	December 31, 2019	December 31, 2020
ASSETS			
Non-current assets		**1,060**	**714**
Goodwill	27	492	265
Intangible assets	27	74	19
Property, plant and equipment	28	142	127
Right-of-use assets	29	110	78
Investments in associates	30	4	-
Other financial assets	30	8	7
Trade receivables	22.2	21	15
Receivables under finance lease	31	62	68
Other assets	36	24	16
Deferred tax assets	18	125	120
Current assets		**1,234**	**1,490**
Inventories	32	436	389
Trade receivables	22.2	408	297
Contract assets	8.3	100	64
Current income tax assets	17	75	63
Other tax receivables	18	25	15
Financial assets	30	-	9
Receivables under finance lease	31	34	29
Other receivables	33	15	9
Other current assets	36	21	18
Derivative financial instruments	25	1	9
Cash and cash equivalents	34	107	585
Non-current assets held for sale	35	10	4
TOTAL ASSETS		**2,294**	**2,204**

Agfa-Gevaert Group - Consolidated statement of financial position (continued)

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

MILLION EURO	Note	December 31, 2019	**December 31, 2020**
EQUITY AND LIABILITIES			
Equity	37	**130**	**620**
Equity attributable to owners of the Company		**83**	**570**
Share capital		187	187
Share premium		210	210
Retained earnings		803	1,412
Other reserves		(84)	(76)
Translation reserve		(5)	(42)
Post-employment benefits: remeasurements of the net defined benefit liability		(1,028)	(1,122)
Non-controlling interests		**47**	**51**
Non-current liabilities		**1,402**	**1,045**
Liabilities for post-employment and long-term termination benefit plans	13	1,137	956
Other employee benefits	16	12	13
Loans and borrowings	38	225	54
Provisions	39	5	16
Deferred tax liabilities	18	19	4
Trade payables	23	2	0
Contract liabilities	8.3	1	2
Other non-current liabilities		1	1
Current liabilities		**761**	**538**
Loans and borrowings	38	101	29
Provisions	39	45	63
Trade payables	23	232	198
Contract liabilities	8.3	151	103
Current income tax liabilities	17	49	23
Other tax liabilities	18	38	24
Other payables	41	9	8
Employee benefits	16	130	88
Other current liabilities	23	1	1
Derivative financial instruments	25	5	2
TOTAL EQUITY AND LIABILITIES		**2,294**	**2,204**

Agfa-Gevaert Group - Consolidated statement of changes in equity

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

		ATTRIBUTABLE TO OWNERS OF THE COMPANY										
MILLION EURO	Note	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurement of the net defined benefit liability	Translation reserve	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2019		**187**	**210**	**854**	**(82)**	**1**	**(12)**	**(897)**	**(9)**	**252**	**38**	**290**
Comprehensive income for the period												
Profit (loss) for the period		-	-	(53)	-	-	-	-	-	(53)	5	(48)
Other comprehensive income net of tax	37.9	-	-	-	-	(1)	10	(131)	7	(114)	-	(114)
Total comprehensive income for the period		**-**	**-**	**(53)**	**-**	**(1)**	**10**	**(131)**	**7**	**(168)**	**5**	**(162)**
Transactions with owners, recorded directly in equity - changes in ownership												
Dividends	37.7	-	-	-	-	-	-	-	-	-	-	-
Transfer of business to NCI without loss of control	37.8	-	-	2	-	-	-	-	(3)	(1)	1	-
Establishment of subsidiary with NCI	37.8	-	-	-	-	-	-	-	-	-	2	2
Total transactions with owners, recorded directly in equity		**-**	**-**	**2**	**-**	**-**	**-**	**-**	**(3)**	**(1)**	**3**	**2**
Balance at December 31, 2019		**187**	**210**	**803**	**(82)**	**1**	**(3)**	**(1,028)**	**(5)**	**83**	**47**	**130**
Balance at January 1, 2020		**187**	**210**	**803**	**(82)**	**1**	**(3)**	**(1,028)**	**(5)**	**83**	**47**	**130**
Comprehensive income for the period												
Profit (loss) for the period		-	-	613	-	-	-	-	-	613	7	621
Other comprehensive income net of tax	37.9	-	-	-	-	(1)	10	(99)	(37)	(127)	(2)	(129)
Total comprehensive income for the period				**613**		**(1)**	**10**	**(99)**	**(37)**	**486**	**5**	**491**
Transactions with owners, recorded directly in equity - changes in ownership												
Dividends	37.7	-	-	-	-	-	-	-	-	-	(1)	(1)
Reclass of remeasurements on defined benefit liability related to entities divested	37.5	-	-	(4)	-	-	-	4	-	-	-	-
Total transactions with owners, recorded directly in equity		**-**	**-**	**(4)**	**-**	**-**	**-**	**4**	**-**	**-**	**(1)**	**(1)**
Balance at December 31, 2020		**187**	**210**	**1,412**	**(82)**	**-**	**7**	**(1,122)**	**(42)**	**570**	**51**	**620**

Agfa-Gevaert Group - Consolidated statement of cash flows

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2019	2020
Profit (loss) for the period		**(48)**	**621**
Income taxes	17	28	8
Share of (profit)/loss of associates - net of tax		1	-
Net finance costs	10	38	31
Operating result		**19**	**660**
Depreciation and amortization (excluding D&A on right-of-use assets)	27/28	56	38
Depreciation and amortization on right-of-use assets		38	31
Impairment losses on goodwill		35	-
Impairment losses on intangibles		11	-
Impairment losses on PP&E		27	2
Impairment losses on right-of-use assets [(1)]		4	(1)
Recycling of hedge reserve	21.4	3	(1)
Government grants and subsidies		(9)	(6)
Gains/losses on the sale of intangible assets and PP&E		-	(9)
Gains on the disposal of discontinued operations	20	(6)	(700)
Expenses for defined benefit plans and long term termination benefits		36	41
Accrued expenses for personnel commitments		91	65
Write-downs/reversals on inventories		14	12
Impairments/reversals on receivables		4	2
Additions/reversals of provisions		24	76
Exchange results and changes in fair value of derivatives		1	(7)
Operating cash flow before changes in working capital		**348**	**205**
Change in inventories		50	25
Change in trade receivables		4	50
Change in contract assets		7	(10)
Change in trade working capital assets		**62**	**64**
Change in trade payables		19	2
Change in contract liabilities		(13)	23
Change in trade working capital liabilities		**6**	**25**
Changes in trade working capital		**68**	**89**
Cash out for employee benefits		(226)	(403)
Cash out for provisions		(36)	(37)
Changes in lease portfolio		(9)	(3)
Changes in other working capital		18	15
Cash settled operating derivatives		(16)	(3)
Cash generated from operating activities		**147**	**(136)**
Income taxes paid		(24)	(17)
Net cash from (used in) operating activities		**123**	**(153)**
of which related to discontinued operations			***28***

(1) 2019 partially offset by 3 million Euro reversal of provision for onerous rent.

Agfa-Gevaert Group - Consolidated statement of cash flows

The accompanying notes on pages 141 to 242 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2019	2020
Capital expenditures		(38)	(33)
Proceeds from sale of intangible assets and PP&E	27/28	7	9
Proceeds from assets held for sale		-	-
Acquisitions of subsidiaries, net of cash acquired	19	(16)	(1)
Disposal of discontinued operations, net of cash disposed of (2)	20	16	915
Proceeds from sale of other investments and non-current assets held for sale		1	-
Interest received		3	2
Dividends received		-	-
Net cash from (used in) investing activities		**(28)**	**892**
of which related to discontinued operations			***913***
Interest paid		(15)	(7)
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	38.5	127	59
Repayment of borrowings	38.5	(201)	(259)
Payment of finance leases	38.5	(42)	(34)
Proceeds/(payment) of derivatives		3	(9)
Other financing income/(costs) incurred		(3)	-
Net cash from (used in) financing activities		**(131)**	**(249)**
of which related to discontinued operations			***(4)***
Net increase (decrease) in cash and cash equivalents		**(36)**	**490**
Cash and cash equivalents at the start of the period		**136**	**99**
Net increase/(decrease) in cash & cash equivalents		(36)	490
Effect of exchange rate fluctuations on cash held		(1)	(3)
Gains/(losses) of marketable securities	22.2	-	(1)
Cash and cash equivalents at the end of the period (3)	34	**99**	**585**

(2) The Group has elected to present a statement of cash flows that includes all cash flows, including both continuing and discontinued operations.

(3) Bank overdrafts are presented in minus of cash and cash equivalents in the cash flow statement: December 2020 0.3 million Euro, December 2019 8 million Euro.

BASIS OF PREPARATION

1. REPORTING ENTITY

Agfa-Gevaert NV ('the Company') is a company established in Belgium. The address of the Company's registered office is Septestraat 27, 2640 Mortsel.

The 2020 Consolidated Financial Statements of the Group include the Company and 95 consolidated subsidiaries (2019: 106 consolidated subsidiaries) controlled by the Company. Investments in subsidiaries are listed in Note 42.

Non-controlling interests have a material interest in nine subsidiaries in greater China and the ASEAN region. The financials are explained in Note 37.8. In Europe, there are a few subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group.

2. BASIS OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union up to December 31, 2020.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2020. Further information is provided in Note 51 'New standards and interpretations issued but not yet effective'. The consolidated financial statements were authorized for issue by the Board of Directors on March 23, 2021.

The comparative statements of profit or loss and comprehensive income are re-presented on the basis of the classification of operations as discontinued. The Group has sold its reseller business in the US (July 2019) and part of the HealthCare IT business (May 2020). The impact of discontinued operations is disclosed in Note 20 'Disposals'.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Euro, which is the Company's functional currency. All financial information presented in Euro has been rounded to the nearest million, except when otherwise indicated. By using rounded numbers, the sum of line items presented in a table may not always match with (sub)totals as this total itself has been rounded to the nearest million and is not the sum of rounded data.

4. USE OF ESTIMATES AND JUDGMENTS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the Group's accounting policies and the reported amounts of assets, liabilities, income and expense.

Revisions to accounting estimates are recognized prospectively. Accounting estimates and underlying assumptions are continually reviewed but may vary from the actual values.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are listed below with reference to the respective note(s) where more information is disclosed.

Area of judgements, assumptions and accounting estimates	Explanatory notes
The discounted cash flows used for impairment testing	Note 27 'Goodwill and intangible assets'
The useful lives of intangible assets with finite useful lives	Note 27 'Goodwill and intangible assets'
The assessment of the adequacy of liabilities for pending or expected income tax audits over previous years	Note 17 'Income taxes'
The recoverability of deferred tax assets	Note 17 'Income taxes'
The actuarial assumptions used for the measurement of defined benefit obligations	Note 13 'Post-employment benefits'
Revenue recognition with regard to multiple-element arrangements	Note 8 'Revenue'
Impairment of financial assets expected credit losses	Note 22.2 'Expected credit losses'

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Financial reporting standards applied for the first time in 2020

The consolidated statements of the Group as disclosed in this annual report take into account the following new standards applicable as from January 1, 2020:

- Amendments to references to the conceptual framework in IFRS standards which introduced a new chapter on measurement, guidance on reporting of financial performance, improved definitions of an asset and liability and clarifies measurement uncertainty in financial reporting.
- Amendments to IFRS 3 *Business combinations* which assists entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.
- Amendments to IAS 1 and IAS 8 related to the definition of material, which defines that information is considered to be material if omitting, misstating or obscuring information could expect to influence decisions that users of the financial statements would make based on these financial statements.
- Amendments to IFRS 9, IAS 39 and IFRS 7 related to interest rate benchmark reform.

These amendments were either not applicable or did not have a material impact on the Group's financial statements for the year 2020.

PERFORMANCE OF THE YEAR

Excluding the effects of the sale of part of the HealthCare IT activities in May and currency effects, the Agfa-Gevaert Group's revenue decreased by 12.7%. The Imaging IT activities and Direct Radiography activities within the Radiology Solutions division performed well, despite the effects of COVID-19 on the business environment. The issues in the offset printing industry, as well as the COVID-19 impact on the medical film business and the Digital Print & Chemicals division significantly impacted the Group's top line. In the second half of the year, most businesses started to recover.

During 2020, the Group's gross profit margin amounted to 28.9% of revenue, versus 29.9% in 2019. The HealthCare IT division posted a strong gross profit margin increase based on its strategy to target high-value revenue streams. The Digital Print& Chemicals division showed resilience in terms of profitability, in spite of the COVID-19 related revenue decrease. The Offset Solutions divisions' profitability was heavily impacted by COVID-19. Related to the COVID-19 situation and efforts to reduce inventories, margins were also impacted by the increased idle time at the Group's production facilities.
In connection with COVID-19, the Group was able to take advantage of some government support measures, e.g. temporary unemployment, in several countries in 2020. This, combined with multiple structural and temporary cost savings programmes, had a material impact on the Group's ability to reduce costs in line with the reduced activity levels. COVID-19 did not have a material impact on the Group's Balance Sheet.

In the second half of 2021, the Group expects substantial progress in all divisions, except in the Radiology Solutions division, where the margin and volume impact in the film activity will not be compensated by the growth in Direct Radiography. In the medium term, most activities of the Group will fully recover from the disruption caused by COVID-19 and even benefit from post-COVID opportunities and market developments. The offset printing demand is not expected to fully recover going forward. Taking into account that the Group has already recognized in 2019 an important impairment loss amounting in total of 67 million Euro on goodwill, intangible assets and property, plant and equipment attributable to its Cash Generating Unit Offset Solutions and the expected recovery of its other businesses from the COVID-19 pandemic, there were in 2020 no impairment indicators. Therefore, considering also the Groups net cash position of 502 million Euro at December 31, 2020, there are currently no going concern issues.

6. REPORTABLE SEGMENTS

The activities of the Group have been grouped into four divisions: Offset Solutions (the offset business of the former Agfa Graphics business group), Digital Print & Chemicals (the inkjet business of the former Agfa Graphics business group and the activities of the former Agfa Specialty Products business group), Radiology Solutions (the imaging activities of the former Agfa HealthCare business group), and HealthCare IT (the IT activities of the former Agfa HealthCare business group). This divisional structure is technology and solutions based and will allow the business to seek future partnerships.

The Group's management has identified the aforementioned divisions as its operating segments. They equal the Group's reportable segments. All operating segments have strong market positions, well-defined strategies and full responsibility, authority and accountability.

To allow for a more accurate assessment of the performance of the operating segments some costs of Corporate functions at Group level (e.g. Investor Relations, Corporate Finance, Internal Audit, Innovation Office) are not attributed to the operating segments. These costs are reported under 'Corporate Services.'

The Group's operating segments reflect the level at which the Group's CEO and the Executive Committee review the business and make decisions about the allocation of resources and other operating matters. The reportable segments comprise the following activities:

Offset Solutions

The Offset Solutions division is a global leading supplier to the offset printing industry, offering commercial, newspaper and packaging printers and the most extensive range of integrated prepress and printing solutions. These span the entire prepress workflow right up to the press with computer-to-plate systems using digital offset printing plates, pressroom supplies, and state-of-the-art software for workflow optimization, color management, screening and print standardization. Agfa's sustainable innovations for offset printing bring value to printing companies in terms of ecology, economy, and extra convenience — or ECO^3.

Digital Print & Chemicals

Agfa's Digital Print & Chemicals division serves a great variety of industries. Building on Agfa's expertise in chemistry and its deep knowledge of the graphic arts industry, the division has a leading position in inkjet printing. Agfa supplies sign & display printing companies with a range of highly productive and versatile wide-format inkjet printers with matched inks, powered by dedicated workflow software. In addition, it develops high-performance inkjet inks & fluids for industrial inkjet applications, enabling manufacturers to integrate print into their existing production processes. It also offers dedicated inkjet inks to specific hi-tech industries such as the printed electronics industry. Furthermore, the division supplies membranes to the hydrogen production industry, as well as a range of printable synthetic papers. The product assortment is completed by films for micrography, non-destructive testing, aerial photography and printed circuit board production.

Radiology Solutions

Agfa's Radiology Solutions division is a major player on the diagnostic imaging market, providing analog and digital imaging technology to meet the needs of specialized clinicians in hospitals and imaging centers around the world. Agfa's innovative imaging equipment and its leading MUSICA image processing software set standards in productivity, safety, clinical value and cost effectiveness.

With over 150 years of experience, Agfa helps its customers to improve the quality and efficiency of their patient care. Every single day, Agfa proves that medical imaging is in its DNA.

HealthCare IT

The HealthCare IT division supports healthcare professionals across the globe with secure, effective, and sustainable imaging data management. Focused on its robust and unified Enterprise Imaging Platform the division helps its clients manage resource allocation, improve productivity and provide clinical confidence with patient-centric contextual intelligence.

With its core commitment on delivering value, Agfa HealthCare's technology suits multi-specialty requirements and securely standardizes workflows, to collaborate seamlessly between departments and across geographies. From product development to implementation, Agfa HealthCare's best-of-suite Imaging IT software solutions are purpose-built to reduce complexity and support healthcare providers to achieve their clinical, operational and business strategies.

6.1 PRINCIPLES APPLIED IN DETERMINING SEGMENT RESULTS, SEGMENT ASSETS AND LIABILITIES

The Group's management has identified the aforementioned divisions as its operating segments. They equal the Groups reportable segments.

There are no transactions between operating segments.

Segment results, assets and liabilities are attributed to a reportable segment based on the following principles:

- Direct attributable to a reportable segment whenever possible; otherwise
- Allocated to a reportable segment on a reasonable basis, preferably activity based or effortized.

To allow for a more accurate assessment of the performance of the operating segments some costs of Corporate functions at Group level (e.g. Investor relations, Corporate Finance, Internal Audit, Innovation office) are not attributed to the operating segments. These costs are currently reported under 'Corporate Services'. Also the costs and liabilities for inactive employees (see below) and closed defined benefit plans are not attributed to operating segments as they cannot be allocated on a reasonable basis to one or more reportable segments.

These unallocated data are included in the reconciling items between the total reportable segment information and the consolidated profit or loss, total assets and total liabilities. This reconciliation is provided in Note 6.3.

Inactive employees are defined as permanently retired employees, former employees with vested rights, and other employees who are not expected to return to active status, e.g. early retirement. Employees who are in principle only temporarily inactive, e.g. long-term disability or illness, maternity leave, military service, etc. are treated as active employees and are consequently assigned to one of the reportable segments.

Segment assets and liabilities do not comprise current income tax receivables and payables and deferred taxes (see reconciliation in Note 6.3).

6.2 KEY DATA BY BUSINESS

Key data for the reportable segments have been calculated as follows:

- Adjusted EBIT is the result from operating activities before restructuring expenses (2020: 84 million Euro, 2019: 26 million Euro) and non-recurring items (2020: 4 million Euro, 2019: 85 million Euro). Non-recurring items comprise impairment losses, strategic transformation projects related costs (consultancy), results on the sale of intangible assets and PP&E and Pension plan adjustments;
- % of revenue is the ratio of recurring EBIT to revenue;
- Adjusted EBITDA = adjusted EBIT before depreciation and amortization;
- Segment result is the profit from operating activities;
- Segment assets are those operating assets that are employed by a reportable segment in its operating activities;
- Segment liabilities are those operating liabilities that result from the operating activities of a reportable segment;

- Net cash from (used in) reportable segments is the excess of cash receipts over cash disbursements from activities that result from a reportable segment. The financial flows, the interest received and cash flows from other investing activities are not attributed to a reportable segment;
- Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year;
- Other non-cash items include impairment losses and reversal of impairment losses of receivables, write downs of inventories and reversals of write downs, past service costs (credits) and gains and losses on settlements of defined benefit liabilities, granted subventions and additions and reversals of provisions, excluding provisions for income tax, to the extent reflected in results from operating activities.

Reportable segment	Offset Solutions		Radiology Solutions		Digital Print and Chemicals		HealthCare IT		**TOTAL**	
MILLION EURO	2019	**2020**	2019	**2020**	2019 R	**2020**	2019 R	**2020**	2019 R	**2020**
Revenue	843	704	536	485	355	289	241	230	1,975	1,709
Change		-16.5%		-9.4%		-18.6%		-4.6%		-13.5%
Adjusted EBIT	(1)	(22)	72	52	22	9	1	14	94	53
% of revenue	-0.1%	-3.1%	13.4%	10.7%	6.2%	3.1%	0.4%	6.1%	4.8%	3.1%
Amortization and depreciation	18	9	16	16	7	6	5	3	46	34
Depreciation right-of-use assets	11	10	8	8	4	4	6	6	29	28
Adjusted EBITDA	28	(3)	97	76	34	19	12	24	171	116
Segment result	(80)	(61)	64	20	13	6	(7)	13	(10)	(22)
Segment assets	511	421	445	389	230	219	792	385	1,978	1,414
Segment liabilities	306	304	218	217	98	84	256	141	878	746
Net cash from (used in) reportable segments	16	2	87	47	26	12	47	50	175	111
Capital expenditures	12	8	11	10	9	11	6	3	38	33
Impairment losses recognized on non-current assets	69	1	-	-	3	1	3	(1)	76	1
Other non-cash items	48	61	45	57	22	20	31	20	146	158
Research and development expenses	27	21	20	16	21	20	32	31	100	88
Average number of employees (Full time equivalents) (1)	3,254	2,917	2,355	2,328	1,068	1,053	1,429	1,293	8,105	7,591

(1) The figures comprise permanent and temporary contracts.

6.3 RECONCILIATION OF REVENUE, ADJUSTED EBIT, PROFIT OR LOSS, ASSETS, LIABILITIES AND CASH FLOWS

MILLION EURO	2019 Re-presented	2020
Revenue		
Revenue for reportable segments	1,975	1,709
Consolidated revenue	**1,975**	**1,709**
Adjusted EBIT		
Adjusted EBIT for reportable segments	94	53
Adjusted EBIT not allocated to a reportable segment (1)	(17)	(17)
Consolidated adjusted EBIT	**77**	**36**
Profit or loss		
Segment result	(10)	(22)
Profit (loss) from operating activities not allocated to a reportable segment (1)	(24)	(31)
Results from operating activities	**(34)**	**(52)**
Other unallocated amounts:		
Interest income (expense) - net	(8)	(4)
Other finance income (expense) - net	(28)	(27)
Share of profit of associates - net of tax	-	-
Consolidated profit (loss) before income taxes - continuing operations	**(70)**	**(83)**
Assets		
Total assets for reportable segments	1,978	1,414
Operating assets not allocated to a reportable segment (1)	-	3
Financial assets	8	16
Deferred tax assets	125	120
Derivative financial instruments	1	4
Cash and cash equivalents	107	585
Other unallocated receivables	75	63
Consolidated total assets	**2,294**	**2,204**
Liabilities		
Total liabilities for reportable segments	878	746
Operating liabilities not allocated to a reportable segment (1)	887	725
Loans and borrowings	326	83
Deferred tax liabilities	19	4
Derivative financial instruments	3	2
Other unallocated liabilities	50	24
Equity	130	620
Consolidated total equity and liabilities	**2,294**	**2,204**
Cash flows		
Net cash from (used in) reportable segments	175	111
Operating cash flows not allocated to a reportable segment	(127)	(320)
Net interest and dividend paid to non-controlling interests	(12)	(5)
Net proceeds from borrowings	(74)	(200)
Acquisitions and disposals of business	1	914
Proceeds/(payment) of derivatives	3	(9)
Other	(3)	-
Consolidated net increase (decrease) in cash and cash equivalents	**(36)**	**490**

(1) Operating results, assets and liabilities and cash flows, not allocated to a reportable segment, relate mainly to corporate functions at Group level and inactive employees.

6.4 RECONCILIATION OF OTHER MATERIAL ITEMS FOR 2019 AND 2020

Other material items 2019 re-presented

The segmented other material items as presented in the table under Note 6.2 can be reconciled with the consolidated figures as follows:

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	27/28	38	-	38
Amortization and depreciation	27/28	46	-	46
Depreciation right-of-use assets (IFRS 16)	29	29	-	29
Impairment losses recognized on non-current assets	27/28/29	76	-	76
Other non-cash items		146	2	148
Research and development expenses		100	3	103

Other material items 2020

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	27/28	33	-	33
Amortization and depreciation	27/28	34	-	34
Depreciation right-of-use assets (IFRS 16)	29	28	-	28
Impairment losses recognized on non-current assets	27/28/29	1	-	1
Other non-cash items		158	7	165
Research and development expenses		88	5	94

6.5 GEOGRAPHICAL INFORMATION FOR 2019 AND 2020

The Group distinguishes four geographical regions: Europe, NAFTA, Latin America and Asia/Oceania/Africa. The Group's country of establishment is Belgium.

	2019 Re-presented	**2020**
MILLION EURO	Revenue by market (1)	**Revenue by market (1)**
Europe	723	627
of which related to home market Belgium	35	31
NAFTA	450	361
Latin America	141	96
Asia/Oceania/Africa	660	624
TOTAL	**1,975**	**1,709**
All foreign countries		
Germany	143	126
France	76	56
Italy	75	67
UK	89	74
US	348	281
Canada	66	48
Brazil	72	45
India	59	45
China	299	319
Japan	57	49
Other countries	691	599
TOTAL CONSOLIDATED	**1,975**	**1,709**

(1) Location of customers.

	2019 Re-presented	2020
MILLION EURO	Non-current assets (1)	Non-current assets (1)
Europe	524	231
of which related to home market Belgium	168	174
NAFTA	309	291
Latin America	28	11
Asia/Oceania/Africa	75	61
TOTAL	**935**	**594**
All foreign countries		
Germany	277	38
Belgium	168	174
Italy	7	7
US	157	145
Canada	148	143
Brazil	23	7
China	34	29
Hong Kong	21	16
Other countries	100	35
TOTAL	**935**	**594**

(1) Excluding deferred tax assets based on the location of the assets.

7. ALTERNATIVE PERFORMANCE MEASURE

Management has presented the performance measures 'Adjusted EBIT' and 'Adjusted EBITDA' because it monitors these performance measures by division and believes that these measures are relevant to an understanding of the financial performance of the Group's operating segments.

'Adjusted EBIT' is the result from operating activities before restructuring and non-recurring items.

'Adjusted EBITDA' is the result from operating activities before depreciation, amortization, restructuring expenses and non-recurring items.

Restructuring expenses mainly relate to employee related termination costs. These costs are presented in other expense (see Note 9.2).

At year-end 2020, non-recurring items amount to 4 million Euro and mainly comprise impairment losses of 3 million Euro, strategic transformation projects related costs of 9 million Euro, consultancy and lawyer expenses of 2 million euro, an exceptional write-down of unrecoverable balance sheet amounts of 2 million Euro and an accrual of 1 million Euro for an environmental provision, a gain on the sale of assets of 8 million euro and a positive pension adjustment of 5 million Euro.

At year-end 2019, non-recurring items amount to 79 million Euro and mainly comprise impairment losses of 67 million Euro (see Note 27 for the impairment on Offset Solutions), strategic transformation projects related costs of 9 million Euro, an exceptional write-down of inventories of 1 million Euro and an accrual of 1 million Euro for an environmental provision, both related to the closure of the factory in the US and a settlement gain of 1 million Euro of the US pension plan due to an annuity placement (see Note 13.2).

The following table gives an overview of the performance of each reportable segment.

Reportable segment	Offset Solutions		Digital Print & Chemicals		Radiology Solutions		HealthCare IT		TOTAL	
MILLION EURO	2019	**2020**	2019 R	**2020**	2019	**2020**	2019 R	**2020**	2019 R	**2020**
Segment result [1]	(80)	(61)	13	6	64	20	(7)	13	(10)	(22)
Adjusted EBIT	(1)	(22)	22	9	72	52	1	14	94	53
Adjusted EBITDA	28	(3)	34	19	97	76	12	24	171	116

(1) Segment result: the profit from operating allocated to a reportable segment.

Reconciliation of segment adjusted EBIT to results from operating activities	2019 R	**2020**
Segment adjusted EBIT	94	53
Adjusted EBIT from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(17)	(17)
Adjusted EBIT	**77**	**36**
Restructuring	(26)	(84)
Non-recurring	(85)	(4)
Results from operating activities	**(34)**	**(52)**
Reconciliation of adjusted EBIT to adjusted EBITDA		
Adjusted EBIT	**77**	**36**
Depreciation and amortization on Intangible assets and PP&E	46	34
Depreciation right-of-use assets (IFRS 16 impact)	29	28
Adjusted EBITDA	**153**	**99**
Reconciliation of segment adjusted EBITDA to adjusted EBITDA		
Segment adjusted EBITDA	**171**	**116**
Adjusted EBITDA from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(17)	(17)
Adjusted EBITDA	**153**	**99**

8. REVENUE

MILLION EURO	2019 Re-presented	**2020**
Revenue from contracts with customers	1,978	1,708
Revenue from other sources: Cash Flow hedges	(3)	1
TOTAL REVENUE	**1,975**	**1,709**

Excluding the effects of the sale of part of the HealthCare IT activities in May and currency effects, the Agfa-Gevaert Group's revenue decreased by 12.7%. The Imaging IT activities and Direct Radiography activities within the Radiology Solutions division performed well, despite the effects of COVID-19 on the business environment. The issues in the offset printing industry, as well as the COVID-19 impact on the medical film business and the Digital Print & Chemicals division significantly impacted the Group's top line. In the second half of the year, most businesses started to recover.

8.1 NATURE OF GOODS AND SERVICES

The Group generates revenue from the sale of goods, the rendering of services and offers multiple-element arrangements to customers. Revenue from the sale of goods includes the sale of consumables, chemicals, spare parts, stand-alone equipment sales and software licenses. Revenue from the sale of goods are recognized when the customer obtains control of the goods and when it is probable that the agreed transaction price will be collected. In evaluating whether collectability is probable, the entity considers the customer's ability and intention to pay that amount when it is due.

Revenue from the rendering of services includes installation services, maintenance and post-contract support services. Under the revised standard IFRS 15, as the customer simultaneously receives and consumes the benefits related to these services, the revenue from rendering of services is recognized over time. In case the Group sells multiple services, the total consideration in service contracts will be allocated to all services based on their stand-alone selling price. The stand-alone selling price will be determined based on the list prices at which the Group sells the services in separate transactions.

The Group moreover enters into multiple-element arrangements with customers whereby several deliverables such as software, licenses, hardware, services and maintenance are combined and offered to the customer. Under the new IFRS 15, the Group has assessed whether these deliverables qualify as separate performance obligations, based on the criteria of separate identifiability and whether or not the customer can benefit from goods or services on its own or with resources readily available to him. The Group concluded that for arrangements not requiring substantive customization of the software, these criteria were met.

The application of the Group's accounting policy on recognition of revenue with regard to multiple-element arrangements requires judgement from management in allocating the total arrangement fee, including any discounts, to each performance obligation. Changes to the performance obligations in a multiple-element arrangement and the respective value allocated to the performance obligations could materially impact the amount of earned and unearned revenue.

Within the HealthCare IT and Radiology Solutions business segment, the vast majority of the arrangements do not require significant customization of modification. Within the Offset Solutions and Digital Print & Chemicals business segment, equipment sales that require substantive installation activities are currently recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications. Under the new IFRS 15, installation services and equipment are considered highly interrelated and are identified as one performance obligation that will be recognized at a point in time, i.e. at installation at the client's premises.

Within HealthCare IT, the Group has defined standard payment terms which differ between regions based on local practices. Payment terms are kept as short as possible. In Europe, Latam, Nafta and Aspac these payment terms are on average 30 days after invoicing date, except for Southern Europe where these range between 60-90 days after invoicing date.

In other divisions of the Group payment terms are set based on business and geographical requirements. Deviations from this policy are reviewed by the Credit Committees and approved based on different criteria.

Contract assets related to multiple-element arrangements within the HealthCare IT business amount 54 million Euro (2019: 92 million Euro), and to 9 million Euro within the Radiology Solutions division (2019: 7 million Euro). There are no contract assets outstanding within the Offset Solutions division nor in the Digital Print & Chemicals division per December 31, 2020 and per December 31, 2019. Contract liabilities related to multiple-element arrangements within the HealthCare IT business amount to 57 million Euro (2019: 99 million Euro), within Radiology Solutions to 27 million Euro (2019: 31 million Euro), within Digital Print & Chemicals to 5 million Euro (2019: 6 million Euro) and within Offset Solutions to 15 million Euro (2019: 16 million Euro).

8.2 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of revenue from contracts with customers at December 31, 2020, and December 31, 2019, as required by IFRS 15 can be presented as follows:

	2020				
MILLION EURO	Offset Solutions	Digital Print & Chemicals	Radiology Solutions	HealthCare IT	**TOTAL**
Geographical region					
Europe	300	120	136	71	627
NAFTA	100	69	65	127	361
Latin America	40	5	42	8	96
Asia/Oceania/Africa	263	95	243	23	624
Total revenue by geographical region (destination perspective)	**704**	**289**	**485**	**230**	**1,709**
Revenue by nature					
Revenue from the sale of goods	659	262	387	64	1,372
Revenue from the sale of services	45	27	99	166	337
Timing of recognition					
Revenue recognized at a point in time	665	265	388	64	1,382
Revenue recognized over time	39	25	97	166	327

	2019 Re-presented				
MILLION EURO	Offset Solutions	Digital Print & Chemicals	Radiology Solutions	HealthCare IT	**TOTAL**
Geographical region					
Europe	377	139	133	74	723
NAFTA	146	100	70	134	450
Latin America	61	11	61	9	141
Asia/Oceania/Africa	259	106	271	24	660
Total revenue by geographical region (destination perspective)	**843**	**355**	**536**	**241**	**1,975**
Revenue by nature					
Revenue from the sale of goods	794	329	431	74	1,628
Revenue from the sale of services	49	26	105	167	347
Timing of recognition					
Revenue recognized at a point in time	810	342	431	69	1,652
Revenue recognized over time	34	13	105	171	323

Transaction prices allocated to unsatisfied performance obligations are not disclosed as the contracts have in general original expected durations of one year or less.

8.3 CONTRACT BALANCES

The Group has recognized following revenue-related receivables, contract assets and contract liabilities:

MILLION EURO	2019	2020
Trade receivables	**429**	**312**
Contract assets		
Assets recognized for costs to fulfill contracts	30	16
Goods/services transferred before payment is due	69	48
Contract liabilities		
Deferred revenue	126	83
Advance payments received from customers	12	10
Expected volume discounts - rebates	13	12

At December 31, 2020, contract assets amounted to 64 million Euro. Contract assets primarily relate to the Group's rights to consideration for work performed that is not yet billed. Contract assets are transferred to receivables when the right to payment becomes unconditional. Assets recognized for costs to fulfill contracts comprise all costs that are directly related to a contract such as direct labor, direct materials (WIP balances) and costs that are explicitly chargeable to a customer under a contract. The Group does not capitalize costs to obtain a contract because the amortization period of this asset is less than one year.

At December 31, 2020, contract liabilities amounted to 105 million Euro (103 million Euro current and 2 million Euro non-current) and comprise 'Deferred revenue and advance payments received from customers' and accruals for bonuses and rebates to goods and service purchased by customers during 2020.

Deferred revenue comprises amounts invoiced in accordance with contractually agreed terms but unearned whereas advance payments reflect the amounts paid by customers who have not yet received an invoice and to whom the Company still has to fulfill its commitment, i.e. delivery of goods and/or services. Deferred revenue primarily results from milestone billing in arrangements combining multiple deliverables such as software, hardware, services, ... (multiple-element arrangements) and from the advance billing of service and maintenance contracts.

8.4 EVOLUTION OF CONTRACT BALANCES

Following table shows how much of the revenue recognized in the current period relates to the carry forward of contract balances and how much relates to performance obligations that were satisfied in a prior period:

MILLION EURO	Contract assets	Contract liabilities
Opening balance of contract balances	**99**	**151**
Revenue recognized that was included in the contract liability at the beginning of the period	-	(151)
Revenue recognized from performance obligations satisfied in previous periods	-	-
Advance billings to customers during the year	-	232
Advance payments received from customers during the year	-	26
Revenue recognized during the period	-	(83)
Contract assets recognized during the period	189	-
Transfer from contract assets to receivables	(126)	-
Impairment of contract assets	-	-
Contract assets (work in progress) released in Cogs during the period	(53)	-
Divestment	(41)	(66)
Change in volume discounts/rebates	-	(1)
Exchange differences	(4)	(4)
Closing balance of contract balances	**64**	**105**

9. OTHER OPERATING INCOME AND EXPENSES

9.1 OTHER OPERATING INCOME

MILLION EURO	2019 Re-presented	2020
Strategic alliance for UV digital packaging inks between Siegwerk Druckfarben AG & Co. KgaA and Agfa NV	6	-
Exchange gains and changes in fair value of derivatives	10	6
Finance lease income	6	6
Gains on the sale of property, plant & equipment	1	9
Gain from curtailment of pension plan in France	-	4
Past service credits related to pension plans in UK and Germany	-	3
Settlement gain of the US Pension Plan due to annuity placement	1	-
Other income	17	11
TOTAL	**41**	**39**

In the course of 2018, Agfa NV signed a contract with Siegwerk Druckfarben AG & Co. KGaA, one of the leading international suppliers of printing inks for packaging applications and labels.
The contract includes a business transfer from Agfa NV to Siegwerk of a selected OEM customer list, access to know-how, intellectual property and services in the domain of UV curable digital inkjet inks for the single pass packaging and labels industry. The contract resulted in other operating income amounting to 21 million Euro in 2018 and to 6 million Euro in 2019.

Finance lease income mainly comprises interest income and income from the sale of receivables under finance lease.

For 2020, gains on the sale of property, plant & equipment relate for 8 million Euro to the sale of our former production site in Branchburg US. Its carrying amount was previously classified as held-for-sale (see Note 35).

The annuity purchase project for the Agfa Corporation Pension Plan which took place in 2019 has resulted in a gain on settlement amounting to 1 million Euro. In 2020, a past service "credit" amounting to 3 million Euro has been recognized, resulting from the legal GMP equalization adjustment related to the Agfa UK Pension Plan and the decrease in benefits for German book reserve plans. Furthermore, in 2020 a curtailment gain on the pension entitlements in France has been recorded, due to the closure of our manufacturing site in Pont-à-Marcq (France). The past service costs (credits) and (gains) loss on settlement for 2019 and 2020 are further explained in Note 13 'Post-employment benefit plans'.

9.2 OTHER OPERATING EXPENSES

MILLION EURO	2019 Re-presented	2020
Restructuring expenses	26	84
Impairment losses resulting from yearly impairment test in Q4/2019 on goodwill Offset Solutions	67	-
Exchange losses and changes in fair value of derivatives	11	13
Losses on the sale of intangible assets and property, plant and equipment (PP&E)	1	-
Other impairment losses on goodwill, intangible assets, PP&E and right-of-use assets	9	2
Settlement loss for Agfa Corporation Pension Plan in US	-	2
Housing expenses related to empty space	5	6
Other expenses	8	15
TOTAL	**127**	**123**

In 2020, the Group has recognized restructuring expenses amounting to 84 million Euro (2019: 26 million Euro) that mainly relates to employee related termination costs. For 2020, restructuring expenses mainly relate to the closure of our Offset factories in Leeds (UK) and Pont-à-Marcq (France) as well as the announced reorganization of our activities of our Computed Radiography equipment factories in Peissenberg and Peiting (Germany).
In 2019, all goodwill and intangible assets attributable to the cash-generating unit Offset Solutions as well as a portion of property plant and equipment dedicated to the Group's offset activity has been impaired as a result of the yearly impairment test on goodwill (see also Note 27 'Goodwill and intangible assets').

Other impairment losses recognized in 2019 on non-current assets comprise for 4 million Euro impairment losses on right-of-use assets resulting from onerous lease contracts. These expenses have been partially (for 3 million Euro) offset by a reversal of a provision for onerous rent existing on January 1, 2019, the date of initial application of IFRS 16. The latter amount is comprised in the caption of Other operating income under 'Other income'. The remaining impairment losses recognized in 2019 primarily relate to assets attributable to the reseller business in the US.

For 2020, impairment losses on property, plant and equipment amounted to 2 million Euro and related to assets that were previously used for the production of photovoltaic backsheets belonging to the Cash Generating Unit DPC, an activity that has been stopped.
During 2020, an annuity purchase and lump sum project took place for the Agfa Corporation Pension Plan which resulted in a settlement loss of 1.9 million Euro. Further explanations are provided in Note 13 'Post-employment benefit plans'.

10. NET FINANCE COSTS

MILLION EURO	2019 Re-presented	2020
Interest income		
on bank deposits	2	1
TOTAL INTEREST INCOME	**2**	**1**
Interest expense on financial liabilities measured at amortized cost		
on bank loans	(8)	(6)
on debentures	(2)	-
TOTAL INTEREST EXPENSE	**(10)**	**(6)**
Other finance income		
Exchange gains on non-operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	1	-
Interest income on derivatives not part of a hedging relationship	3	1
Gains on revaluation of deferred contingent consideration business combinations	3	-
Other	1	1
TOTAL OTHER FINANCE INCOME	**8**	**2**
Other finance expense		
Net periodic pension cost treated as other finance income (expense) and interest portion on other interest-bearing provisions (1)	(24)	(16)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(2)	(2)
Interest expense on derivatives not part of a hedging relationship	(2)	(1)
Interest expense on cash flow hedges	(2)	(2)
Interest expense on other receivables	(1)	(1)
Interest expense for leases	(1)	(2)
Impairment loss on marketable securities	-	(1)
Other	(4)	(4)
TOTAL OTHER FINANCE EXPENSE	**(36)**	**(28)**
NET FINANCE COSTS	**(36)** (2)	**(31)** (2)

(1) The interest portion of other interest-bearing provisions primarily comprises the allocation of interest on provisions for pre-retirement.

(2) The above finance income and finance costs include the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss.

Total interest income on financial assets	2	1
Total interest expense on financial liabilities	(11)	(8)

11. INFORMATION ON THE NATURE OF EXPENSES

The following table gives an overview of the major expenses/income (incl. subject to restructuring) of the Group's operating result classified by nature (including continuing and discontinued operations):

MILLION EURO	Note	2019 Re-presented	2020
Revenue		**2,267**	**1,796**
of which continued operations		***1,975***	***1,709***
Cost of raw materials, goods purchased for resale and production related costs (including changes in inventories)		(844)	(703)
Cost of services and other goods		(412)	(333)
Personnel expenses		(789)	(637)
Amortization and depreciation	27/28	(94)	(69)
of which continued operations		*(76)*	*(63)*
Impairment losses on goodwill, intangible assets and PP&E		(76)	(1)
Write-downs/write-offs on inventories	32	(16)	(12)
Impairment losses on receivables		(4)	(2)
Changes in provisions excl. restructuring		-	-
Restructuring expenses	6/7/9	(28)	(84)
of which continued operations		*(26)*	*(84)*
Other tax expenses		(20)	(15)
Other expenses		(34)	(29)
Other tax income		-	-
R&D tax credits		7	5
Interest income from leasing activities		4	4
Capitalized expenses (projects, assets under construction)		8	4
Gain on the sale of intangible assets and PP&E		1	9
Gain on the disposal of discontinued operations		6	700
Other income		43	29
Operating result		**19**	**660**
Elimination of discontinued operations		(52)	(712)
Operating result (from continuing operations)		**(34)**	**(52)**

Cost of raw materials, goods purchased for resale and production related costs cover all costs incurred to purchase raw materials, goods purchased for resale, spare parts, changes in inventory and all costs that have a clear link to production such as costs for recutting and refurbishing, to the extent reflected in the cost of sales as comprised in profit or loss for the year.

Cost of services and other goods mainly cover:

- the external preliminary work for the processing or manufacturing of products and projects on behalf of the Company;
- transport, freight, duties, storage and handling expenses;
- utilities and energy expenses;
- travel and entertainment;
- expenses from leasing activities.

Personnel expenses in 2020 amounted to 637 million Euro compared to 789 million Euro in 2019 (see also Note 13).

Personnel expense comprises:

- payroll related expenses: wages and salaries and social security contributions;
- expenses for retirement benefits;
- accrued expenses for personnel expenses (such as annual vacation and annual variable payments);
- other personnel expenses (such as temporary staff, training, recruitment and outplacement). Personnel related restructuring expenses are reported as restructuring expenses.

The average number of employees in full-time equivalent heads for 2020 amounted to 7,591 (2019: 8,105). Classified per corporate function, this average comprising permanent and temporary contracts can be presented as follows:

	2019 Re-presented	**2020**
Manufacturing/Engineering	2,703	2,547
Research and development	921	872
Sales and Marketing/Service	2,955	2,712
Administration	1,526	1,460
TOTAL	**8,105**	**7,591**

12. EARNINGS PER SHARE

12.1 BASIC EARNINGS PER SHARE / DILUTED EARNINGS PER SHARE

The calculation of earnings per share at December 31, 2020, was based on the profit attributable to owners of the Company of 613 million Euro (2019: a loss of 53 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2020, of 167,751,190 (2019: 167,751,190).

The weighted average number of ordinary shares is calculated as follows:

Number of shares issued (see Note 37.1)	171,851,042
Own shares (see Note 37.2)	(4,099,852)
Number of ordinary shares at January 1, 2020	167,751,190
Effect of options exercised during 2020	-
Effect of stock options on issue	-
Weighted average number of ordinary shares at December 31, 2020	167,751,190

EURO	2019	**2020**
Basic earnings per share / Diluted earnings per share	(0.32)	3.66
Basic earnings per share / Continuing operations	(0.53)	(0.63)
Basic earnings per share / Discontinuing operations	0.21	4.28

The average fair value of one ordinary share during 2020 was 3.83 Euro per share.

EMPLOYEE BENEFITS

Employee benefit liabilities

MILLION EURO	December 31, 2019	**December 31, 2020**
Liabilities for post-employment benefits	1,125	947
Long-term termination benefits	12	9
Liabilities for post-employment and long-term benefit plans	**1,137**	**956**
Other non-current employee benefits	**12**	**13**
Non-current employee benefit liabilities	1,149	969
Current employee benefit liabilities	130	88
Total employee benefit liabilities	**1,279**	**1,056**

Employee benefit expenses

MILLION EURO	2019	**2020**
Payroll related expenses	623	505
Expenses for retirement benefits included in EBIT	45	42
Accrued expenses for personnel expenses	91	65
Other personnel expenses	30	24
Total employee benefit expenses included in EBIT	**789**	**637**

13. POST-EMPLOYMENT BENEFIT PLANS

The Group provides retirement benefits in most countries in which it operates, mainly through defined contribution plans. In some countries, however, the Group organizes its retirement benefits via defined benefit plans. The net defined benefit liability for Belgium, Germany, UK and US together (within Agfa in this context also referred to as 'material countries') represent 96% (2019: 96%) of the total net defined benefit liability of the Group. A major part of these liabilities relate to closed pension plans, meaning that no further benefits are accrued under these plans. This is the case in the UK, the US and for a major part of the German pension plans. In Belgium, the major pension plan – referred to as 'Fabriekspensioenplan' – has been closed to new managers entering as from January 2019.

The following table summarizes the impact of the Group's post-employment benefit plans on its consolidated statements of financial position and profit or loss, broken down into material countries and other countries.

MILLION EURO	December 31, 2019			**December 31, 2020**		
	Belgium/ Germany/ UK/US	Other countries	**TOTAL**	Belgium/ Germany/ UK/US	Other countries	**TOTAL**
Liabilities for post-employment benefits	1,077	48	1,125	909	38	947
	96%			96%		

	December 31, 2019			**December 31, 2020**		
MILLION EURO	Belgium/ Germany/ UK/US	Other countries	**TOTAL**	Belgium/ Germany/ UK/US	Other countries	**TOTAL**
Defined contribution plans - net premiums and taxes	4	5	9	2	3	4
Post-employment defined benefit plans - current service & administrative cost	21	1	22	23	1	24
Post-employment defined benefit plans - past service cost (gain)	-	-	-	(3)	-	(3)
Post-employment defined benefit plans - loss (gains) on settlements	(1)	-	(1)	2	(4)	(3)
Belgian defined contribution plans with return guaranteed by law	14	-	14	19	-	19
Expenses related to post-employment benefits, included in EBIT	**39**	**6**	**45**	**42**	**-**	**42**
	86%			100%		
Net interest cost related to post-employment benefits	**22**	**1**	**23**	**15**	**1**	**16**
Total expenses related to post-employment benefits	**61**	**7**	**68**	**57**	**1**	**58**

13.1 DEFINED CONTRIBUTION PLANS

The Agfa-Gevaert Group companies have paid in 2020 for their defined contribution plans 4 million Euro contributions to publicly or privately administered pension funds or insurance contracts (9 million Euro in 2019) of which 2 million Euro relates to the Group's material countries (4 million Euro in 2019). Once the contributions have been paid, the Group companies have no further payment obligation.
The regular contributions constitute an expense for the year in which they are due.

Defined contribution plans in Belgium are for the purpose of the IFRS accounting treatment not considered as defined contribution plan but instead as defined benefit plan.
More information on these plans is provided hereafter.

13.2 DEFINED BENEFIT PLANS

13.2.1 Belgian defined contribution plans with return guaranteed by law

Belgian 'Defined Contribution' plans are subject to the Occupational Pensions Act of April 28, 2003. In accordance with article 24 of the Occupational Pensions Act, affiliated persons are entitled to a guaranteed return with regard to contributions made by the organizer of the plan and by the employee. Until December 31, 2015, the minimum guaranteed return amounted to 3.25% on employer contributions and of 3.75% on employee contributions.

The Act of December 18, 2015, which entered into force on January 1, 2016, has introduced several amendments to the Act of April 28, 2003. As of January 1, 2016, the guaranteed return is aligned with the percentage (65%) of the average return on June 1 over the last 24 months of Belgian State linear bonds ('OLOs') with a maturity of 10 years, with a minimum of 1.75% and a maximum of 3.75%. As of 2016, the return guaranteed by law is set at 1.75% and applies to both personal contributions made by the employee and contributions made by the employer.

With regard to the application of the guaranteed return in case of modification of the interest rate, the Act of December 18, 2015 introduced the 'horizontal method' applicable for all insured plans which guarantee a fixed return up to the retirement age (so-called Branch 21 insured products) and the 'vertical method' in all other situations. Within our Belgian group companies, all insured pension plans are managed via 'Branch 21' insured products.

The application of the 'horizontal method' is comparable to a fixed-rate term deposit account. The previous interest rate is applicable until exit, retirement or abolition of the pension engagement – whichever occurs first – to the contributions due on the basis of the plan rules before the modification. The new interest rate is then applicable to contributions due on the basis of the plan rules from the modification onwards until the first of the aforementioned occurrences.

Therefore, for all of the Group's defined contribution plans with return guaranteed by law, the minimum return of 3.25% (employer contributions) and 3.75% (employee contributions) still apply for contributions made until December 31, 2015. For these contributions, affiliated persons are entitled to at least a return of 3.25%/3.75% until retirement age (or exit/abolition of the pension engagement). For contributions made as from 2016, the employer is committed to a minimum return of 1.75% until occurrence of retirement age, exit or abolition of the pension engagement.

In recent years, insurance companies generally applied technical interest rates – i.e. agreed interest rates excluding profit-sharing – below the minimum return guaranteed by law. Consequently, not all actuarial and investment risks relating to these insured plans are transferred to the insurance company managing the plans and therefore do not meet the definition of defined contribution plans under IFRS. They are by default classified as defined benefit plans.

Similar to the measurement of all other defined benefit plans, the net pension liability related to defined contribution plans with return guaranteed by law is calculated as the difference between the present value of the defined benefit obligation (DBO) and the fair value of the plan assets.

As at December 31, 2020, following insured defined contribution plans are operational:

1. **Top Performance Plan:** This plan concerns deferred compensation for bonuses attributed to employees of Agfa-Gevaert NV, Agfa NV, Agfa HealthCare NV and Agfa Finance NV. Given that this plan is with discretionary contributions, the PUC method excluding future contributions is used.
2. **Pension plan for employees of Agfa HealthCare NV:** This plan concerns recurring contributions attributed to employees of Agfa HealthCare NV in Ghent. The PUC method including future contributions is applied.
3. **Pension plan for executives:** This plan concerns recurring contributions attributed to executives of Agfa-Gevaert NV and Agfa HealthCare NV. The PUC method including future contributions is applied.
4. **Group insurance plan for managers and executives:** This plan concerns recurring contributions attributed to managers and executives of Agfa-Gevaert NV, Agfa HealthCare NV and Agfa NV. The PUC method including future contributions is applied.
5. **Group insurance plan for employees of Agfa HealthCare NV and Agfa NV:** This plan concerns recurring contributions attributed to employees of Agfa HealthCare NV and Agfa NV. The PUC method including future contributions is applied.

All these plans are fully financed by employer contributions except for the Group insurance plan for managers and executives which is financed by both employer and employee contributions.

In 2020, the annual employer contributions accrued for the Group's Belgian defined contribution plans with return guaranteed by law amounted in total to 16 million Euro (2019: 16 million Euro).
The Group expects a lower expense to accrue for 2021.
In 2019 and 2020, insurance companies have offered technical interest rates that range between 0.10% and 4.75%. Decisive factors in this context are the date an employee joins a plan and whether the insurer guarantees an interest rate on future premiums.

For each of the aforementioned defined contribution plans, the following table provides by plan information on the type of return guaranteed by the insurer and the evolution of the technical interest rates applied by the different insurers during 2020 and previous years.

	Description of the plan	Type of return guaranteed by insurer	Interest rates provided by insurer (i.e. excluding profit sharing)				
			2016	2017	2018	2019	**2020**
1	Top Performance Plan (NN Insurance & AGI)	Guaranteed return on reserves	1.00%	0.75%	0.75%	0.75%	0.50%
2	Pension plan for employees of Agfa HealthCare NV (Ghent): Axa	Guaranteed return on reserves and future premiums	3.25% on the level of both employer and employee contributions at 31/12/2012; 1.75% for new entries as from January 2013 and premium increases between 31/12/2012 and 31/03/2015; 1% as from April 2015 up to 1/07/2016; 0.50% up to 1/04/2017 and 0.25% up to 1/04/2020 and 0.10% afterwards				
3	Pension plan for executives of Agfa-Gevaert NV and Agfa HealthCare NV: Axa	Guaranteed return on reserves	1.50%	0.75%	0.75%	0.75%	0.50%
4	Group insurance plan for managers and executives: AGI	Guaranteed return on reserves and future premiums	3.25% on the level of both employer and employee contributions at 31/12/2012; 1.75% for new entries as from January 2013 and premium increases between 31/12/2012 and 31/03/2015; 1% as from April 2015 up to 1/07/2016; 0.50% up to 1/04/2017 and 0.25% up to 1/04/2020 and 0.10% afterwards				
5	Group insurance plan for employees of Agfa HealthCare NV and Agfa NV: AGI	Guaranteed return on reserves	1.50% until 1/07/2016; 1.0% as from July 2016	1.0% up to April 2017; and 0.75% afterwards	0.75%	0.75%	0.50%

13.2.2 Defined benefit plans excluding defined contribution plans with return guaranteed by law

The Group's post-employment defined benefit plans primarily relate to retirement benefits.

The Group Pension Committee, created as a subcommittee of the Executive Committee (ExCo) of the Group assists the ExCo in the oversight and supervision of the different pension plans and other post-employment arrangements that exist within the Group.

The Committee advises the ExCo on benefit plan design matters such as amendment to or termination – in whole or in part – of the benefit plans and their respective funding arrangements. Next to providing advice to the ExCo, the Group Pension Committee is also responsible for advising local management – i.e. local management of the pension funds as well as local management of the sponsoring employers of the benefit plans – in fulfilling their responsibilities in relation to pension matters.
The Group Pension Committee has set a strategic asset allocation for its major plans that are financed through a separate pension fund. The committee reviews the asset allocation targets regularly to ensure that they remain appropriate to the pension fund liability profiles. For the management of the plan assets, the Group Pension Committee is assisted by the Group Pension Investment Committee. The Group Pension Investment Committee has issued a Group Investment Guideline which was approved by the Group Pension Committee. The Group Pension Committee monitors the proper application of this guideline.

The Group, through its Group Pension Committee, investigates liability reduction solutions and seeks to de-risk the Group's post-employment benefit liabilities. In recent years, the Group Pension Committee has proposed different measures that have been realized, among which the closure of the 'Fabriekspensioenplan' for new managers entering as from January 2019, the offer in December 2018 to transfer to a third party insurer a certain portion of the benefits built under the Agfa UK Pension Plan and a terminated vested cash-out project for the Agfa Corporation Pension Plan launched in 2018. In 2019, an annuity purchase project has taken place for the pensioners of the Agfa Corporation Pension Plan. In 2020, the de-risking activities continued with a terminated vested cash-out, an annuity placement on retirees and an age 59.5 in-service distributions for the Agfa Corporation Pension Plan.

The Group's major defined benefit plans generally provide benefits that are related to an employee's remuneration and years of service. Its characteristics and associated risks are explained in more detail hereafter.

Belgium

In Belgium, the defined benefit obligation is mainly related to a basic plan called 'Fabriekspensioen' that is mainly financed through contributions paid to an external Organization for Financing Pensions (OFP). This fund has the duty to foresee the payments of the pensions promised by its participating employers, being Agfa-Gevaert NV, Agfa NV and Agfa Finance NV to the beneficiaries of the plan. After the legal demerger on July 1, 2018 of the HealthCare Imaging business and the additional transfer of pension liabilities of the Inactives of HealthCare NV towards Agfa NV, Agfa HealthCare NV has transferred per October 31, 2018 the remaining 75 members attributable to the HealthCare IT business from the OFP to an insurance company. Assets amounting to 6.84 million Euro have been transferred to the insurer, therefore Agfa HealthCare NV does not longer participate to the OFP.

The 'Fabriekspensioen' covers liabilities related to employees or former employees of Agfa-Gevaert NV, Agfa NV, Agfa HealthCare NV and Agfa Finance NV.
However, employees initially recruited by Agfa HealthCare NV or its predecessor Agfa Europe NV do not accrue benefits under the 'Fabriekspensioen' but have accrued benefits under a group insurance plan (See Plan Nr 5 of the Belgian insured defined contribution plans with return guaranteed by law). As of January 1, 2019, the 'Fabriekspensioenplan' has also been closed for new managers of the Group. For the 'Fabriekspensioen', the plan participants are eligible for a benefit based on a last yearly income formula. As this funded pension plan is still open to future accruals and new entrants except for managers, the plan exposes the Company to a salary increase risk, next to an interest rate risk, an investment risk and a longevity risk. Although this plan has been set up as an annuity plan, more than 95% of the members choose for the option of a lump sum pension payment at the retirement age.

The legal and regulatory framework for the 'Fabriekspensioen' is based on the applicable Belgian law, i.e. the law of October 27, 2006 on the supervision of institutions for occupational retirement provision and the law on supplementary pensions (WAP), applicable as from January 1, 2004. Based on this legislation a funding valuation is prepared annually. The valuation method, used to determine the contributions to the Belgian OFP, is the 'aggregate cost method'.

The contribution, according to the calculation method defined in the financing plan, is expressed as an annual fixed percentage of payroll in order to finance the total service liability. According to the latest actuarial valuation report on the Belgian OFP, dated January 2020, the Long Term Provision funding ratio was 108.55% (2019: 114.73%).

The Board of Directors of the 'Pensioenfonds Agfa-Gevaert OFP' bears the ultimate responsibility for the management of the assets and liabilities of the 'Fabriekspensioenplan'. They have delegated investment oversight of the plan's assets to the Local Investment Committee who in turn operates within the framework set by the Group Pension Committee. The Statement of Investments Principles (SIP), prepared by the Local Investment Committee in accordance with the Group Investment Guidelines, has been formally ratified at the Extraordinary General Meeting of the 'Pensioenfonds Agfa-Gevaert OFP' on January 31, 2020. The Local Investment Committee needs to ensure that plan assets are invested effectively and prudently, in full compliance with all applicable laws, and for the benefit of plan participants and beneficiaries.

Germany

In Germany, no legal or regulatory minimum funding requirements apply, and as such the Group's German defined benefit retirement plans are all unfunded plans.

The German pension plans include a basic plan related to pension relevant salary up to the Social Security Ceiling (SSC) and a supplementary plan covering benefits attributed on pension relevant salary above the Social Security Ceiling.

In Germany, we distinguish the 'old pension plan' that was closed to new entries as from 2005 and closed to future accruals as from 2010 and the 'new pension plan' applicable to employees joining as from 2005. In 2010, the population that benefited from the former 'old pension plan' that was closed to future accruals as of December 31, 2009 also joined the 'new pension plan', however comprising supplementary benefit entitlements compared with the employees joining as from 2005. Both plans comprise a basic and supplementary plan.
Additionally, Agfa is obliged to provide pension plans according to the Collective Labor Agreement (CLA) regulation of the Chemical Sector.

Under the 'old pension plan', the basic plan is managed by the Bayer Pensionskasse (Penka). The Bayer Pensionskasse is a multi-employer plan accounted for as if it were a defined contribution plan (IAS 19.34 (a)). The plan is a defined benefit plan under control of the Group's former parent company Bayer AG. It is accounted for as a defined contribution plan as the Group has no right to obtain the necessary data for defined benefit plan accounting. In case of a deficit, this plan may expose the Group to investment and actuarial risk. The Group however considers these risks as insignificant. From 2004 onward, Agfa has been responsible to adjust the pension payments processed by the Bayer Pensionskasse according Sec. 16, 1 and 2 of the German Pension Act (BetrAVG – Betriebsrentengesetz).
The base pension including the adjustments processed according to the aforementioned legal regulations up to the year 2003 are paid by the Penka directly. Consequently, the liability in the books of Agfa resulting from this basic plan solely relate to the responsibility of Agfa to adjust the pension payments.

The benefits accrued under the supplementary plan are accounted for as a defined benefit plan. They are based on 'contributions' (1) calculated as a fixed percentage of pension relevant salary above the SSC. Then, an age independent factor is used for converting those 'contributions' (1) into individual pension entitlements.
The pension entitlements based on the 'old pension plan' are closed to future accruals as of December 31, 2009.
The 'old pension plan' is only applicable for employees with entry date prior to 2005. They have stopped accruing additional benefits in the Bayer Pensionskasse at the end of 2009. As of 2010, these employees started participating in the new pension plan (Rheinische Pensionskasse).

The 'new pension plan' also includes a basic pension plan, i.e. benefits entitlements on the pension relevant salary up to the SSC, and a supplementary pension plan accruing benefits on pension relevant salary above the SSC. The basic plan is funded through contributions paid to the Rheinische Pensionskasse. Employees partly (50%) contribute to the Rheinische Pensionskasse by deferred compensation. Once the contributions have been paid to the Rheinische Pensionskasse, in principle the group companies have no further payment obligation. This plan is consequently accounted for as a defined contribution plan. The new supplementary plan, which is also accounted for on the balance sheet as a direct pension commitment, foresees no upper ceiling for pension relevant salary.
The benefits accrued under the supplementary plan are based on 'contributions' (1) calculated as a fixed percentage of pension relevant salary above the SSC. Contrary to the old pension plan, 'contributions' (1) are then converted into pension entitlements based on age-dependent pension factors and considering a pre-determined annual increase of those entitlements.
As of 2012, the plan foresees an option to pay out lump sums instead of monthly pension payments.

Employees who previously benefited from the 'old pension plan' that was closed to future accruals as of December 31, 2009, got supplementary pension entitlements based on a matching 'fifty-fifty' approach meaning that the employer pays contributions to the extent of the employee contributions. The structure itself is similar to the new supplementary pension plan as described above.

The pension plan according to the CLA of the Chemical Sector is based on 'contributions' (1) that are converted into individual pension entitlements using age-dependent pension factors. Employees also partly contribute to this plan by deferred compensation.
In Germany, Agfa provides to a minor extent also benefits that are related to plans which result from former acquisitions. The related plans are all closed to future accruals.

The defined benefit liability in Germany also includes pension plans that are fully based on deferred compensation models. The benefits accrued under these plans are based on the annually deferred compensation amount of each beneficiary converted into pension entitlements and in some cases additionally considering a pre-determined annual increase of those entitlements.

(1) 'Contributions' in this context means a calculation base which is used to finally determine the pension entitlements.

For a part of the workforce, i.e. HealthCare IT employees, there are pension plans managed by different external funds (Pensionskassen). These plans are mainly financed by deferred compensation models and are accounted for as defined contribution plans. Additionally, top management of Agfa HealthCare IT in Germany is provided with a salary related pension scheme, processed by a congruently funded multi-employer plan (kongruent rückgedeckte Unterstützungskasse).

The different closed defined retirement benefit plans as well as the plans that remain open expose the Company to actuarial risks such as interest rate risk, pension indexation risk and longevity risk.

The expense for the above listed German defined contribution plans is included in the amount disclosed in Note 13.1 with regard to the Group's material countries.

UK

As from 2010, the Agfa UK Pension Plan has been fully closed. It is financed through contributions paid by its participating employers, being at year-ends 2019 and 2020: Agfa-Gevaert NV, Agfa HealthCare UK Ltd and Agfa Graphics Ltd. The plan members are eligible for a benefit based on a final average pay formula. From the age of 55, benefits accrued under this plan can be paid partly in cash with the remainder paid in monthly payments.

If the benefit is taken before the normal retirement age of 65 there is an actuarial reduction of the benefit's value.

Deferred plan members are entitled to an inflation increase, based on CPI (Consumer Price Index), of their accrued benefits until retirement payments are taken.

Pension payment increases are in line with RPI (Retail Price Index) with a minimum increase of 3% and a maximum increase of 5%. Next to inflation risk, the frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan is governed by a benefit trust whose decision making body is a Board of Trustees. They have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust rules and UK law.

During December 2018, an Enhanced Transfer Value (ETV) exercise was executed. Legislation in UK allows deferred members of a defined benefit scheme to transfer value to an alternative pension arrangement with a third party provider. The statutory amount that is paid is known as a Cash Equivalent Transfer Value (CETV). With an ETV, members got an incentive on top of the standard transfer amount (CETV) to transfer their benefits into another scheme or individual arrangement. The ETV project has resulted in an additional cash-out from plan assets of 5 million Euro in December 2018 and 33 million Euro in January 2019, however the Company injected cash into the plan to ensure the funding level of the plan was maintained to the same level as before the ETV exercise.

The required funding is determined by a funding valuation carried out every three years based on legal requirements and funding valuation assumptions that meet the UK regulatory body's current requirements and are also agreed between the Company and the Trustees. Following the latest funding valuation which took place in 2019, Agfa has entered in July 2020 into an agreement with the trustees to pay a cash sum of 60 million Pound Sterling followed by quarterly fixed payments for the next five years to fund the current deficit.

US

As from 2009, the Agfa Corporation Pension Plan has been fully closed. Agfa Corporation, Agfa HealthCare Corporation, Agfa Materials Corporation, Agfa Finance Corporation and Agfa US Corporation are participating employers in said pension plan.

The plan participants are eligible for a benefit based on a final average pay formula. This frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan assets are held in a trust. The Board of Directors of Agfa Corporation, the plan sponsor, delegate investment decisions and oversight of the plan's assets to a local investment committee, the Benefits Plan Investment Committee (BPIC). The BPIC members have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust agreement and US law. The legal and regulatory framework for the plan is based on the applicable US legislation Employee Retirement Income Security Act (ERISA). Based on this legislation a funding valuation is prepared annually. Participant-beneficiaries do not contribute to the plan.

The plan sponsor and participating employers contribute such amounts as are deemed necessary on an actuarial basis to provide sufficient funds to meet the benefits to be paid to plan members. Minimum contributions are based on the requirements prescribed by the provisions of the Employee Retirement Income Security Act (ERISA) of 1974 and the Pension Protection Act of 2006 (PPA). Pursuant to the PPA, each year the actuary is required to certify the plan's funded percentage. Agfa did not need to certify the plan's 2020 funding percentage in July due to the ongoing pandemic. The U.S. government passed legislative relief allowing plan sponsors to use the 2019 funded percentage for the 2020 plan year. Agfa did certify the 2020 funding percentage of 113.34% in December 2020 (82.42% for 2019) since this will have funding implications for the 2021 plan year. Note that this funding percentage did not take into account the impact of the de-risking activities that took place in 2020.

During 2018, a terminated vested cash-out project took place for the Agfa Corporation Pension Plan. The cash-out from plan assets amounted to 26 million Euro. The annuity purchase project which took place in 2019 has reduced the pension assets and defined benefit liability by 116 million Euro, resulting in a gain on settlement amounting to 1 million Euro.

During 2020, an annuity purchase and lump sum project took place for the Agfa Corporation Pension Plan. The lump sum was offered to terminated vested participants and active participants age 59.5 as of December 1, 2020. For participants in this project that elected an annuity rather than a lump sum, an additional annuity purchase has been offered. For these three transactions together, the cash out from plan assets amounted to 211 million Euro and resulted in a settlement loss of 1.9 million Euro.

13.2.3 Evolution net defined benefit liability and its components

The following three tables show a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its components.

Evolution net defined benefit liability during 2019 and 2020

	2019			**2020**		
MILLION EURO	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans with return guaranteed by law	TOTAL	**Retirement plans (excl. Belgian DC-plans)**	**Belgian DC-plans with return guaranteed by law**	**TOTAL**
Net liability at January 1	**1,001**	**5**	**1,006**	**1,068**	**9**	**1,077**
Defined benefit cost included in profit or loss	42	14	56	36	19	55
Total remeasurements included in OCI	126	5	131	104	(3)	101
Net transfer in/(out), including impact of business combinations and divestitures	-	-	-	(6)	-	(6)
Cash flows						
Employer contributions	(67)	(16)	(83)	(252)	(16)	(268)
Benefits paid directly by the company	(41)		(41)	(41)	-	(41)
Currency effects: charge (or credit)	7		7	(8)	-	(8)
Net liability at December 31	**1,068**	**9**	**1,077**	**900**	**9**	**909**

The employer contributions for 2019 and 2020 have been impacted by one-time payments for US (27 million Euro in 2019 and 114 million Euro in 2020), for UK (9 million Euro in 2019 and 67 million Euro in 2020) and Belgium (37 million Euro in 2020), mainly to maintain the same funding ratio after the lump sum and annuity purchase projects in the US and the ETV project in the UK.

Defined benefit costs for 2019 and 2020

MILLION EURO	2019			2020		
	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans	TOTAL	**Retirement plans (excl. Belgian DC-plans)**	**Belgian DC-plans**	**TOTAL**
Service cost						
Service cost, exclusive of employee contributions	20	14	34	22	19	41
Past service cost	-	-	-	(3)	-	(3)
(Gain) loss on settlements	(1)	-	(1)	2	-	2
Total service cost	**20**	**14**	**33**	**21**	**19**	**40**
Net interest cost						
Interest expense on DBO	46	3	50	32	2	34
Interest (income) on plan assets	(25)	(3)	(28)	(18)	(2)	(20)
Total net interest cost	**21**	**-**	**21**	**14**	**-**	**14**
Administrative expenses and taxes	1	-	1	2	-	2
DEFINED BENEFIT COST INCLUDED IN PROFIT OR LOSS	**42**	**14**	**56**	**36**	**19**	**55**
Actuarial losses (gains)						
Experience losses (gains) on plan liabilities	2	(4)	(2)	(18)	(13)	(31)
Demographic assumptions	(6)	-	(6)	9	2	11
Financial assumptions	225	11	237	132	5	137
Return on plan assets excl. Interest income	(95)	(2)	(97)	(21)	4	(17)
Total remeasurements included in OCI	**126**	**5**	**131**	**104**	**(3)**	**101**
TOTAL DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS AND OCI	**168**	**19**	**188**	**140**	**16**	**156**

The total defined benefit cost recognized in profit or loss and Other Comprehensive Income (OCI) for 2020 for the Group's material countries amounted to 156 million Euro (2019: 188 million Euro). Of this amount, 55 million Euro expense is reflected in the Group's Consolidated Statement of Profit or Loss over 2020 (2019: 56 million Euro expense). The balance, being a cost of 101 million Euro for 2020 (a cost of 131 million Euro for 2019) is reflected in OCI under 'Remeasurements of the net defined benefit liability.' These remeasurements originate from experience gains on plan liabilities, changes in demographic and financial assumptions as well as from experience adjustments on the fair value of assets. Details are provided below.

In 2020, the defined benefit cost in profit or loss for the Group's material countries includes a past service credit amounting to 3 million Euro, resulting from the legal GMP equalization adjustment related to the Agfa UK Pension Plan and the decrease in benefits for German book reserve plans.

The net settlement loss realized in 2020 is fully attributable to the terminated vested cash-out, an annuity placement on retirees and an age 59.5 in-service distributions for the Agfa Corporation Pension Plan in the US.

Evolution defined benefit obligation, fair value of assets and funded status during 2019 and 2020

The defined benefit obligation, plan assets and funded status for the Group's material countries are shown below.

MILLION EURO	2019			2020		
	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans with return guaranteed by law	TOTAL	**Retirement plans (excl. Belgian DC-plans)**	**Belgian DC-plans with return guaranteed by law**	**TOTAL**
Change in defined benefit obligation						
Defined benefit obligation at January 1	1,970	183	2,153	2,041	200	2,241
Service cost						
Current service cost, exclusive of employee contributions	20	14	34	22	19	41
Past service cost	-	-	-	(3)	-	(3)
(Gain)/loss on settlements	(1)	-	(1)	2	-	2
Interest expense	46	3	50	32	2	34
Cash flows						
Benefit payments	(247)	(9)	(256)	(311)	(10)	(321)
Employee contributions	-	1	1	-	1	1
Premiums paid	-	-	-	-	-	-
Increase (decrease) due to transfers, including impact of business combinations and divestitures	-	-	-	(6)	(6)	(12)
Remeasurements						
Effect of changes in demographic assumptions	(6)	-	(6)	9	2	11
Effect of changes in financial assumptions	226	11	237	132	5	137
Effect of experience adjustments	2	(4)	(2)	(17)	(13)	(30)
Currency effects: charge (or credit)	31	-	31	(37)	-	(37)
Defined benefit obligation at December 31	**2,041**	**200**	**2,241**	**1,863**	**198**	**2,061**
Change in plan assets						
Fair value of assets at January 1	969	178	1,147	973	191	1,164
Interest income	25	3	28	18	2	20
Employer contributions	109	16	124	293	16	309
Employee contributions	-	1	1	-	1	1
Benefit payments	(247)	(9)	(256)	(311)	(10)	(321)
Administrative expenses and taxes	(2)	-	(2)	(2)	-	(2)
Premiums Paid	-	-	-	-	-	-
Increase (decrease) due to transfers, including impact of business combinations and divestitures	-	-	-	(1)	(5)	(6)
Return on plan assets (excluding interest income)	96	2	97	21	(4)	17
Currency effects: (charge) or credit	23	-	23	(29)	-	(29)
Fair value of assets at December 31	**973**	**191**	**1,164**	**963**	**189**	**1,152**
Funded status at December 31						
Funded status	1,068	9	1,077	900	9	909
Effect of asset ceiling/onerous liability	-	-	-	-	-	-
Net liability (asset) at December 31	**1,068**	**9**	**1,077**	**900**	**9**	**909**

At December 31, 2020, the total defined benefit obligation for the Group's material countries, excluding defined contribution plans with return guaranteed by law, amounted to 1,863 million Euro (2,041 million Euro at December 31, 2019). Of this amount, 1,126 million Euro (1,303 million Euro at December 31, 2019) is related to wholly or partly funded plans and 737 million Euro (738 million Euro at December 31, 2019) is related to unfunded plans.

At December 31, 2020, the financing deficit for the Belgian defined contribution plans with guaranteed return amounted to 9 million Euro (9 million Euro at December 31, 2019). The net pension liability for these plans is calculated as the difference between the present value of the defined benefit obligation (DBO) amounting to 198 million Euro (200 million Euro at December 31, 2019) and the fair value of the plan assets amounting to 189 million Euro (191 million Euro at December 31, 2019). At December 31, 2020, the present value of the defined benefit obligation of the 'Top Performance Plan' and the 'Group insurance plan for managers and executives' represent in aggregate 90% of the total DBO (89% at December 31, 2019) whereas the funding gap is almost fully attributable to the Top Performance Plan. General information on defined benefit plans with return guaranteed by law together with the characteristics of these plans are provided under Note 13.3.1.

The benefit payments in 2019 amounted to 256 million Euro and have been impacted by 149 million Euro settlement payments, 33 million Euro in UK and 116 million Euro in the US. In 2020, benefit payments amounted to 321 million Euro and have been impacted by 211 million Euro settlement payments in the US.

History of asset values, defined benefit obligation and deficit for the period 2016 until 2020

MILLION EURO	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	**December 31, 2020**
Fair value of plan assets	1,227	1,225	1,147	1,164	1,152
Present value of defined benefit obligation	2,410	2,306	2,153	2,241	2,061
Surplus/(Deficit) in the plan	**(1,183)**	**(1,080)**	**(1,006)**	**(1,077)**	**(909)**

13.2.4 Defined benefit obligation - Principal actuarial assumptions at the reporting date

The liabilities and defined benefits cost of the Group's retirement plans are determined using actuarial valuations that involve several actuarial assumptions. At the end of the reporting periods 2019 and 2020, the following principal actuarial assumptions (weighted averages) have been used:

	December 31, 2019	**December 31, 2020**
Discount rate	1.60%	1.05%
Future salary increases	3.02%	3.03%

The above stated average discount rate and salary increases have been determined based on the actuarial assumptions applied in the different defined benefit plans of the Group's material countries weighted by the defined benefit obligation of the respective plans. The discount rates used are determined by reference to the rates available on high-quality corporate bonds, that have a credit rating of at least AA from a main rating agency, that have maturity dates approximating the terms of the Group's obligations.

Weighted average duration

The Group has consistently calculated the weighted average duration by taking the average of the durations obtained via sensitivities +25 bps and -25 bps on the discount rate for the retirement plans of the Group's material countries. At December 31, 2020, the weighted average duration is 13.5 years (13 years at December 31, 2019).

Sensitivity analysis

The following information illustrates the sensitivity to a change as at December 31, 2020 in certain assumptions for the retirement plans of the Group's material countries.

MILLION EURO	Effect on December 31, 2019 Defined benefit obligation	**Effect on December 31, 2020 Defined benefit obligation**
25 bp decrease in discount rate	75	72
25 bp increase in discount rate	(71)	(68)
Change in mortality table, assuming employees live one year longer	63	73
Change in mortality table, assuming employees live one year shorter	(61)	(71)

13.2.5 Plan assets

Fair value of assets, split by major asset class

For the Group's material countries, plan assets comprise following major asset classes:

MILLION EURO	December 31, 2019	**December 31, 2020**
Cash, cash equivalents and other	27	90
Equity instruments	247	232
Debt instruments	693	631
Assets held by insurance company [1]	197	199
TOTAL	**1,164**	**1,152**

(1) Mainly DC plans with return guaranteed by law.

95% of the equity and debt instruments are invested through passive management (index tracking). At year-end 2019 and 2020, the fair value of assets does not comprise equity or debt instruments of the Company or its subsidiaries.

13.2.6 Expected defined benefit costs and cash flows for 2021

For 2021, the Group expects for the defined benefit plans of its material countries a total defined benefit cost in profit or loss of 41 million Euro, comprising of 34 million Euro service and administrative expenses and taxes (of which 9 million Euro related to defined contribution plans in Belgium) and 7 million Euro net interest costs.
During the next fiscal year 2021, the Group expects to contribute 183 million Euro for its material retirement plans. This amount excludes the estimated contribution payments for the defined contribution plans in Belgium amounting to 8 million Euro.
The expected cash out, excluding Belgian DC-plans, is 110 million Euro lower than the Company's cash out for 2020 which amounted to 293 million Euro, comprising of 252 million Euro employer contributions and 41 million Euro benefit payments directly paid by the Company to the beneficiaries.

In order to reduce and at the same time de-risk the Group's post-employment benefit liabilities, the Group has contributed in 2020 218 million Euro on top of the contributions required according to local funding rules. For 2021, a budget of 128 million Euro is foreseen to further reduce and de-risk the pension liabilities.

14. LONG-TERM TERMINATION BENEFITS

Long-term termination benefits result from the Group's commitment to either terminate the employment before the normal retirement date, or provide termination benefits as a result of an offer made to encourage voluntary redundancy. At December 31, 2020, long-term termination benefits amounted to 9 million Euro (12 million Euro at December 31, 2019) and mainly relate to severance payments in connection with early retirement arrangements with employees of the Group's Belgian entities.

15. SHARE-BASED PAYMENT TRANSACTIONS

In the course of 2020 the Board of Directors has appointed Mr. Pascal Juéry as CEO of the Agfa-Gevaert Group and Managing Director. Mr. Juéry is eligible for a long-term variable compensation, embedded in a Stock Appreciation Rights Plan that can result in an additional cash bonus.

The key components of the Stock Appreciation Rights Plan are the following:

- Over a period of 5 years, commencing on February 1, 2020, Mr. Juéry will annually receive 200,000 Stock Appreciation Rights;
- The strike price for these Stock Appreciation Rights has been set for the year 2020 at 4.75 Euro (to be adjusted downwards for any dividend distribution). As of 2021, the strike price is depending on the average closing price of the Agfa-Gevaert share during the 30 days preceding the grant date.
- The Stock Appreciation Rights will vest for one/third of each grant at the end of each calendar year over three years;
- The Stock Appreciation Rights can be exercised at the earliest three years after grant.

The fair value of the Stock Appreciation Rights Plan is calculated using a Black & Sholes model with expected life of 10 years and expected volatility of 44.84%, and is presented as a liability with corresponding changes in fair value recognized in profit or loss (2020: 0.1 million Euro).

16. OTHER EMPLOYEE BENEFITS

The split between long-term and short-term employee benefits is presented in the table below:

MILLION EURO	2019	**2020**
Long-term employee benefits	12	13
Short-term employee benefits		
Liabilities for social expenses	26	18
Payroll liabilities	3	3
Other short-term liabilities	101	67
TOTAL	**142**	**101**

Long-term employee benefits comprise a long-term disability plan in the US, the plans 'Jubilee' and 'Pensionsurlaub' in Germany and some other long-service leave and service awards.
At December 31, 2020, these amounted to 13 million Euro (12 million Euro at December 31, 2019).

Other short-term employee benefits comprise liabilities set up all commitments relating to the workforce in the broadest sense such as accruals for vacation entitlements and flexi-time surpluses, continuation of wage and salary payments in the event of sickness amounts payable within 12 months, short-term disability benefits, accruals for bonuses of all kinds, payments under profit-sharing plans.

TAXES

17. INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretations of complex tax regulations in the respective countries. The Group establishes accruals for anticipated tax audit issues based on reasonable estimates of whether additional taxes will be due, considering various factors such as experience with previous tax audits and differing legal interpretations by the taxable entity and the responsible tax authority.
Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods.

The breakdown of the income tax expenses by origin is as follows:

MILLION EURO	Note	2019	2020
Taxes paid or accrued		29	19
Related to this year		30	19
Related to prior years		-	-
Deferred tax expense (income)		(1)	(11)
From temporary differences		(4)	(7)
From tax loss carryforwards and tax credits		3	(4)
Income tax expense		**28**	**8**
Income taxes from continuing operations		14	15
Income taxes from discontinuing operations	20	14	(7)

Deferred tax income amounts to 11 million Euro versus 1 million Euro in the previous year.
Further information on the major components of tax expense (income) is provided in the table reflecting the reconciliation between the theoretical tax rate and the effective tax rate in Note 17.3.2.

17.1 CURRENT INCOME TAX ASSETS AND LIABILITIES

At December 31, 2020, current income tax assets amount to 63 million Euro (2019: 75 million Euro), of which 70% relates to the refund of R&D tax credits. An amount of 1.6 million Euro is relating to uncertain tax positions, linked to an ongoing tax procedure.
Current income tax liabilities amount to 23 million Euro (2019: 49 million Euro), of which 16.5 million Euro relates to uncertain tax positions. From these uncertain tax positions 8.1 million Euro is relating to ongoing tax audits, procedures and litigations in various jurisdictions. Another 8.4 million Euro is relating to potential discussions in respect of transfer pricing. Although the Group is confident that all of its intragroup dealing are at arm's length and documented, transfer pricing is a topic that continues to trigger scrutiny from tax authorities worldwide. Some discussions may lead to double taxation, whereby the outcome of mutual agreement procedures or other procedures might still have a negative effect on the tax expense.
Current income tax for current and prior periods are, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.
Current income tax assets are offset against current income tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors as explained above.

17.2 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry-forward of unused tax losses and the carry-forward of unused tax credits.
Deferred tax assets are recognized where it is sufficiently probable that taxable income will be available in the future to enable the deductible temporary differences, tax loss carry forwards and tax credits to be utilized.
The Group's management regularly assesses the recoverability of its deferred tax assets, mainly based on the long-term business plans for the divisions Offset Solutions, Digital Print & Chemicals, Radiology Solutions and HealthCare IT and considering historical profitability and projected future taxable income of the individual consolidated entities that are involved. Other parameters such as the expected timing of the reversals of existing temporary differences and tax planning strategies are considered as well in this assessment. Material changes to business plans and/or business (goods and services) flows impacting the taxable profit or loss of certain entities of the Group may influence the realization of deferred tax assets. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate reversing certain deferred tax assets resulting in an increase of the Group's effective tax rate.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority.

Deferred tax assets and liabilities are attributable to the following items:

MILLION EURO	December 31, 2019			**December 31, 2020**		
	Assets	Liabilities	Net	**Assets**	**Liabilities**	**Net**
Intangible assets and goodwill	29	20	9	26	2	24
Property, plant and equipment	14	11	3	10	8	2
Right-of-use assets	-	29	(29)	-	20	(20)
Investments in associates and non-current financial assets	-	3	(3)	-	3	(3)
Inventories	21	1	20	20	3	17
Receivables	2	4	(2)	2	2	-
Provisions and liabilities for post-employment benefits	48	2	46	42	2	39
Lease liabilities	30	-	30	20	-	20
Other current assets and other liabilities	3	5	(2)	4	5	(2)
Deferred tax assets and liabilities related to temporary differences	**146**	**75**	**71**	**123**	**45**	**78**
Tax loss carry-forwards	33	-	33	37	-	37
Excess tax credits	1	-	1	2	-	2
Deferred tax assets/liabilities	**181**	**75**	**106**	**161**	**45**	**116**
Set off of tax	(58)	(58)	-	(41)	(41)	-
Net deferred tax assets/liabilities	**122**	**17**	**106**	**120**	**4**	**116**

The movement in temporary differences during 2019-2020 is disclosed in Note 17.4.

At December 31, 2020, the net deferred tax assets of 116 million Euro primarily relate to defined benefit plans in Germany, mostly related to active employees.

Deferred tax assets have not been recognized in respect of 'tax loss carry forwards,' 'tax credits' and 'temporary differences' for the amounts stated hereafter because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from:

- tax loss carry-forwards: 310 million Euro (2019: 239 million Euro);
- tax credits: 24 million Euro (2019: 18 million Euro);
- temporary differences: 169 million Euro (2019: 199 million Euro).

The remeasurements of the net defined benefit liability (IAS 19R) has a significant effect on the unrecognized deferred tax assets in respect of temporary differences.

The impact is situated in entities of the Group for which the Group's management estimated that it is not sufficiently probable that the related tax benefit would be realized.

The unrecognized deferred tax assets related to the impact of the 2011 amendment of IAS 19 and the subsequent remeasurements of the net defined liability amount to 110 million Euro and would impact OCI when recognized.

The deferred tax asset impact on unused temporary differences, tax losses and tax credits expires as follows:

MILLION EURO	Temporary differences	Tax losses	Tax credits	TOTAL
Expiry in:				
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
after	-	33	-	33
No expiry	169	276	24	469
TOTAL	**169**	**310**	**24**	**503**

17.3 RELATIONSHIP BETWEEN INCOME TAX EXPENSE AND PROFIT (LOSS) BEFORE INCOME TAXES

17.3.1 Summary 2019 and 2020

MILLION EURO	2019	2020
Profit (loss) before income taxes	(20)	629
Income tax expense	28	8
Tax rate	-135.92%	1.30%

17.3.2 Reconciliation of effective tax rate 2019 and 2020

MILLION EURO	2019	2020
Profit (loss) before income taxes	(20)	629
Theoretical income tax expense (income)	(7)	192
Theoretical tax rate (1)	**35.34%**	**30.61%**
Disallowed items	6	18
Impact of tax credits and other deduction from tax basis	(4)	(16)
Tax losses of the year for which no deferred tax asset has been recorded	31	72
Tax losses used this year for which no deferred tax asset was recorded	-	(1)
Tax income recorded on losses of previous years	-	(2)
Prior year adjustments	-	9
Tax expense/(income) due to movement in deductible temporary differences for which no deferred tax asset was recorded	(11)	(31)
Tax expense/(income) due to other elements in taxable profit (notional interest deduction, innovation income deduction, other, ...)	-	(10)
Impact of business combinations and divestments	-	(225)
Withholding taxes	2	1
Impairments on goodwill and other assets for which no deferred tax asset has been recorded	11	(5)
Impact of adjustment in deferred tax rates	1	-
Other	-	5
Income tax expense	**28**	**8**
Effective tax rate	**-135.92%**	**1.30%**

(1) The theoretical tax rate is the weighted average tax rate of the Company and all subsidiaries included in the consolidation.

17.4 MOVEMENT IN TEMPORARY DIFFERENCES DURING 2019-2020

MILLION EURO	December 31, 2018	Change in accounting policies	PPA Adjustments (see Note 19)	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	**December 31, 2019**	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	**December 31, 2020**
Intangible assets and goodwill	4	-	4	-	-	-	9	5	11	-	(1)	24
Property, plant and equipment	(3)	-	-	6	-	-	3	(1)	-	-	(1)	2
Right-of-use assets	-	(29)	-	-	-	-	(29)	7	2	-	1	(20)
Investments in associates and non-current financial assets	(3)	-	-	-	-	-	(3)	-	-	-	-	(3)
Inventories	21	-	-	(2)	-	-	20	-	(2)	-	-	17
Receivables	-	-	-	(2)	-	-	(2)	-	2	-	-	-
Provisions and liabilities for post-employment benefits	37	-	-	1	8	-	46	(3)	(6)	3	(1)	39
Lease liabilities	-	29	-	1	-	-	30	7	(2)	-	(1)	20
Other current assets and other liabilities	(1)	-	-	(1)	-	-	(2)	-	3	(2)	-	(2)
Deferred tax assets and liabilities related to tempo-rary differences	**55**	**-**	**4**	**4**	**8**	**-**	**71**	**1**	**7**	**1**	**(3)**	**78**
Tax loss carry-forwards	35	-	-	(1)	-	-	33	-	3	-	-	37
Excess tax credits	2	-	-	(1)	-	-	1	-	1	-	-	2
Deferred tax assets/liabilities	**92**	**-**	**4**	**1**	**8**	**-**	**106**	**1**	**11**	**1**	**(3)**	**116**

The deferred tax asset on provisions and liabilities for post-employment benefits which is recognized in other comprehensive income is related to the remeasurements of the net defined benefit liability (IAS 19R).

18. OTHER TAXES

Other tax receivables amount to 15 million Euro (2019: 25 million Euro) and other tax liabilities amount to 24 million Euro (2019: 38 million Euro).

Other tax receivables and liabilities relate to other tax, such as VAT and other indirect taxes.
Other tax receivables are offset against other tax liabilities when they relate to taxes levied by the same taxation authority, there is a legal right to offset and are intended to be settled on a net basis.

ACQUISITIONS AND DISPOSALS

19. ACQUISITIONS

During 2020, the Group made no acquisitions, but the Group finalized its former acquisition of Ningbo Hongtai Medical Equipment Ltd, a leading distributor of hardcopy film in China. The remaining deferred contingent consideration of 1 million Euro related to Ningbo Hongtai Medical Equipment Ltd. was paid, and is presented as cash out for acquisitions in the consolidated statement of cash flows.

The 2019 consolidated statement of cash flows comprised a cash out for acquisitions of 16 million Euro. This relates to the cash out of the acquisition of Ningbo Hongtai Medical Equipment Ltd (4 million Euro), the cash out related to the other leading distributors of hardcopy film in China (2 million Euro), a deferred consideration paid related to the 2018 IPAGSA acquisition (8 million Euro) and the 2017 Bodoni acquisition (1 million Euro), and an adaptation of the purchase price of Inovelan SA (0.5 million Euro).

The tables below show the cash outflow by acquisition in 2020 and 2019; the identifiable assets and liabilities assumed and the amount of goodwill recognized.

Acquisitions 2020, including adjustments and cash implications of previous acquisitions

During 2020, the remaining deferred contingent consideration related to Ningbo Hongtai Medical Equipment Ltd. was paid (1 million Euro).

Acquisitions 2019, including adjustments and cash implications of previous acquisitions

The 2019 acquisition of the distributors of hardcopy film in China (Ningbo Hongtai Medical Equipment Ltd.), and the former acquisitions of Inovelan SA, IPAGSA and Bodoni Systems Ltd., had the following effect on the consolidated statement of financial position and the consolidated statement of cash flows:

MILLION EURO	Note	Inovelan SA	IPAGSA	Ningbo Hongtai Medical Equipment Co. Ltd.	Ningbo Hongtai Medical Equipment Co. Ltd., Ruifeng International Development Co. Ltd., Chengguang Trading Co. Ltd.	Bodoni Systems Ltd.	**TOTAL**
Intangibles with finite useful life							
Technology		-	-	-	-	-	**-**
Customer relationships	27	-	-	5	-	-	**5**
Tradenames		-	-	-	-	-	**-**
Deferred tax liability	17.4	-	-	1	3	-	**4**
Total identifiable net assets acquired		**-**	**-**	**6**	**3**	**-**	**9**
Goodwill amount recognized	27	1	-	(1)	(3)	-	**(3)**
Consideration		**1**	**-**	**5**	**-**	**-**	**5**
of which deferred consideration		-	-	1	-	-	**1**
Net cash outflow		**(1)**	**(8)**	**(4)**	**(2)**	**(1)**	**(16)**
Gains on remeasurement of deferred contingent consideration [1]	10	**-**	**(2)**	**-**	**-**	**(1)**	**(3)**

[1] During 2019, the deferred contingent consideration related to the business combination of IPAGSA was paid for an amount of 8 million Euro. The remaining portion of this deferred contingent consideration (2019: 2 million Euro) was adjusted due to the fact that the earnings target was not reached. The resulting gain is booked in 'Other finance income'.
During 2019, the deferred contingent consideration related to the acquisition of Bodoni Systems Ltd. was partly paid (1 million Euro), partly adjusted (1 million Euro) due to the fact that earnings targets have not been reached. The resulting gain is booked in 'other finance income'.

Agreement with distributors of hardcopy film in China

In the second quarter of 2018, in the framework of the reorganization of Agfa's hardcopy distribution channels in China, the Group has integrated in its own organization, the business of distribution and maintenance of Agfa products in China from Ningbo Hongtai Medical Equipment Limited, a leading distributor of hardcopy film in China. The Group acquired customer lists together with a major part of the workforce employed by Ningbo Hongtai Medical Equipment Limited which will enable the Group to distribute its products and related services in certain areas in China. The transfer of the business took place gradually by geographical area over a period that started in the first quarter of 2018 and ending by June 2019.

In the third quarter of 2018, also in the framework of the reorganization of Agfa's hardcopy distribution channels in China, the Group has integrated the business of distribution of Agfa film products in China from Ningbo Hongtai Medical Equipment Co. Ltd., Ruifeng International development Co. Ltd., Chengguang Trading Co. Ltd., three leading distributors of hardcopy film in China.
Customer relationships acquired during 2019 amount to 5 million Euro and are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model.

In 2019, the amount of recognized goodwill has been adjusted downwards with 4 million Euro due to a reversal of a deferred tax position related to the customer relationships acquired.
The remaining goodwill on acquisition (1 million Euro) mainly relates to operating synergies and workforce.

INOVELAN

In the second quarter of 2018, the Group acquired 100% of the shares of Inovelan SA, a French e-health leader in the healthcare communication and care coordination. The acquisition will further strengthen Agfa HealthCare's Integrated Care platform, by adding value to the interoperability, expertise in secure messaging and chronic disease management to the French market.

The purchase price amounted to 9.5 million Euro, of which 0.7 million Euro had to be paid over the coming two years based on EBIT achievements of the company acquired. During 2019, this purchase price has been adapted with 0.5 million Euro.

Acquired technology and contractual customer relationships are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model.

The goodwill on acquisition mainly relates to operating synergies. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and are included in 'administrative expenses'.

IPAGSA

In November 2018, Agfa Graphics acquired 100% of the shares of IPAGSA Industrial SL, a Spanish privately-owned printing plate supplier and 100% of the shares of IPAGSA Shanghai Printing Material Ltd.

The purchase price amounted to 13 million Euro, of which 3 million was paid in cash and 10 million euro to be paid over a period between 2019 and 2020. During the first half of 2019, an amount of 8 million Euro was paid and an amount of 2 million Euro was reversed in profit or loss due to the fact that targets have not been reached.

Acquired contractual customer relationships and tradenames are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model. The goodwill on acquisition mainly relates to operating synergies and workforce.

BODONI

In June 2017, the Group acquired all of the shares of Bodoni Systems Limited, a UK based company specialized in color management consultancy and publisher of pressSign, the most popular print standardization software. With this acquisition the Group wishes to strengthen its position in this segment.

The purchase price amounted to 5 million Euro, of which 2 million Euro is paid in cash and 3 million based on EBIT achievements of the company acquired. During 2019, 1 million of this deferred consideration was recognized in financial result as targets were not reached.

20. DISPOSALS

20.1 Disposals 2020

On May 4th, 2020, the Agfa-Gevaert Group has successfully completed the sale of part of Agfa HealthCare's IT business to the Dedalus Group at a consideration received of 949 million Euro.

The part that has been divested consists of the Healthcare Information Solutions activities (Electronic Health Record, the ORBIS platform) and the Integrated Care activities in Germany, Austria, Switzerland, France and Brazil as well as the Imaging IT activities to the extent that these activities are tightly integrated into the Healthcare Information Solutions activities in these geographies.
In North America and all other international markets, Agfa HealthCare pursues its Imaging IT software business, which is not included in the sale. Based on the flagship Enterprise Imaging platform and the IMPAX solutions, Agfa HealthCare will continue to deliver superior value to its Imaging IT customers.

The sale of this business is a major step in Agfa's transformation process. Given the uncertainty of the current economic context, at this point in time the Group has chosen to use the majority of the proceeds of the sale to secure the future of our company, to further execute the strategies of our divisions and to address long-term liabilities. Part of the proceeds of the sale has been used to increase the funding ratio of the Company's funded pension plans in Belgium, the UK and the USA. This will significantly decrease the future pension cash-outs.

This business was previously according to IFRS 5 not classified as held for sale as not all conditions stipulated by IFRS 5 were met at December 31, 2019 and at March 31, 2020. The disposal group was not available for immediate sale in its present condition as there were still major disentanglement steps to be performed in the second quarter of 2020. The consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations. The profit from discontinued operations –net of tax is fully attributable to owners of the company.

During 2020, there has been a service agreement in place in which the Group has provided ICS services, Finance services, HR services and other support services to the Dedalus Group. The Agfa-Gevaert Group has invoiced 5 million Euro over 2020 for these services delivered. Some services run over several years.

Result of discontinued operation

MILLION EURO	Full year 2019	4 months 2020
Revenue	264	87
Cost of sales	(124)	(42)
Gross profit	**140**	**45**
Selling expenses	(28)	(9)
Research and development expenses	(44)	(17)
Administrative expenses	(18)	(6)
Net impairment loss on trade and other receivables, including contract assets	-	-
Other operating expenses	(2)	-
Other operating income	-	-
Results from operating activities	48	**12**
Interest income (expense) - net	-	-
Other finance income (expense)-net	(2)	(1)
Income tax expense	(14)	7
Share of profit of associates – net of tax	(1)	-
Profit (loss) - net of tax	**31**	**19**
Gain on the sale of discontinued operations	-	700
Income tax on gain on sale of discontinued operations	-	-
Profit (loss) from discontinued operations - net of tax	**31**	**719**

Effect of disposal on the financial position of the Group

MILLION EURO	2020
Goodwill	(210)
Intangible assets	(47)
Property, plant and equipment	(11)
Right-of-use assets	(22)
Investments in associates	(3)
Deferred tax assets	(11)
Inventories	(2)
Trade receivables	(38)
Contract assets	(41)
Current income tax assets	(4)
Other current assets	(2)
Cash and cash equivalents	(6)
Liabilities for post-employment benefit plans	14
Non-current lease liabilities	16
Deferred tax liabilities	12
Current lease liabilities	7
Provision	9
Trade payables	12
Contract liabilities	66
Current income tax liabilities	16
Other tax liabilities	8
Current employee benefits	18
Total identified net assets divested	**(220)**
Consideration received	**949**
Directly attributable costs	(29)
Gain on disposal	**700**
Cash inflow from disposal net of cash disposed of and net of directly attributable costs	**915**

The 2020 net cash flows attributable to the operating, investing and financing activities of discontinued operations is provided in the statements of consolidated cash flows.

20.2 Disposals 2019

In 2019, the Group sold its reseller Inkjet business in the US. This business has been part of the division Digital Print & Chemicals. The sold Inkjet business consists primarily of purchasing and reselling third-party products. This activity was deemed 'non-core' and not accretive to the Group's overall business following a strategic decision to place greater focus on the Group's key competences.

The table below shows the results and cash flows of discontinued operations.

A. Results of discontinued operations	
MILLION EURO	2019
Revenue	28
Operating expenses	(29)
Results from operating activities	(1)
Income tax	-
Results from operating activities - net of tax	**(1)**
Gain on the sale of discontinued operations	6
Income tax on gain on sale of discontinued operations	-
Profit (loss) from discontinued operations - net of tax	**5**

B. Cash flows from (used in) discontinued operations	
MILLION EURO	2019
Results from operating activities	(1)
D&A	-
Working capital evolution	15
Capex	-
Income tax	-
Net cash flows for the year	**14**

C. Effect of disposal on the financial position of the Group		2019
MILLION EURO	Note	Divestment of reseller business Digital Print & Chemicals in the US
Contractual customer relationships - gross amount	27	(5)
Contractual customer relationships - amortization	27	5
Inventories		(10)
Total identifiable net assets divested		**(10)**
Consideration received		**16**
Gain on disposal	9	**6**

FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

In the normal course of its business, the Group is exposed to a number of financial risks such as currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk that could affect its financial position and its result of operations. The Group's objectives, policies and processes in managing these financial risks are described further in this note. In managing these risks, the Group may use derivative financial instruments. The use of derivative financial instruments is subject to internal controls and uniform guidelines set up by the Group's Treasury Committee. Derivatives used are over-the-counter instruments, particularly forward exchange contracts.

Since a few years, the Group also concludes metal swaps.

21. MARKET RISK

21.1 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The foreign currency risk management distinguishes between three types of foreign currency risk: foreign currency transaction risk, foreign currency translation risk and foreign currency economic risk.

The Group incurs foreign currency transaction risk on accounts receivable, accounts payable and other monetary items that are denominated in a currency other than the Company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions.
Foreign operations which do not have the Euro as their functional currency give rise to a translation risk.
The foreign currency economic risk is the risk that future cash flows and earnings generated by foreign operations may vary. Foreign currency economic risk is highly connected with other factors such as the foreign operations' competitive position within an industry, its relationship with customers and suppliers.

In monitoring the foreign currency risk exposures, the central treasury department focuses on the transaction and translation risk exposures whereas business management seeks to manage the foreign economic risk through natural hedges.

Each of the above types of foreign currency risk exposure impacts the financial statements differently.

The following significant exchange rates have been applied:

	Yearly average rate		Year-end closing rate	
	2019	**2020**	2019	**2020**
EUR/USD	1.11961	1.14128	1.12340	1.22710
EUR/GBP	0.87731	0.88922	0.85080	0.89903
EUR/RMB	7.73390	7.87084	7.82050	8.02250
EUR/CAD	1.48579	1.52944	1.45980	1.56330
EUR/AUD	1.61058	1.65539	1.59950	1.58960
EUR/INR	78.85035	84.57954	80.18700	89.66050
EUR/HKD	8.77253	8.85168	8.74730	9.51420

The central treasury department monitors and manages foreign currency exposure from the view of its impact on either the statement of financial position or profit or loss.

21.1.1 Foreign currency transaction risk in the statement of financial position

The currencies that primarily impact the net foreign currency exposure on the statement of financial position are as follows:

MILLION FOREIGN CURRENCY	Net exposure of receivables and payables	Hedging		Net position
		Cash, cash equivalents loans & deposits	Derivative financial instruments	
December 31, 2019				
USD	48.2	(154.5)	104.8	(1.5)
RMB	265.8	(196.1)	-	69.7
GBP	7.9	(38.5)	33.6	3.0
CAD	0.3	(4.1)	-	(3.8)
AUD	5.2	(4.2)	-	1.0
INR	360.3	-	(505.0)	(144.7)
HKD	187.3	(171.2)	-	16.1
December 31, 2020				
USD	42.9	(16.1)	(26.6)	0.2
RMB	228.7	(242.4)	-	(13.6)
GBP	6.1	(10.9)	0.9	(3.8)
CAD	0.2	(6.2)	-	(6.0)
AUD	10.0	(6.4)	-	3.5
INR	221.4	-	(354.0)	(132.6)
HKD	14.7	(19.8)	-	(5.1)

The Group uses cash, cash equivalents, loans and deposits held in a foreign currency as natural hedges of the net exposure of receivables and payables held in these respective currencies.

The aim of Group's management regarding transaction exposure in the statement of financial position is to minimize, over the short term, the revaluation results – both realized and unrealized – of items in the statement of financial position that are denominated in a currency other than the Company's functional currency.

In order to keep the exposures within predefined risk adjusted limits, the central treasury department economically hedges the net outstanding monetary items in the statement of financial position in foreign currency using derivative financial instruments such as forward exchange contracts. As of December 31, 2020, the outstanding derivative financial instruments are mainly forward exchange contracts with maturities of generally less than one year.

Where derivative financial instruments are used to economically hedge the foreign exchange exposure of recognized monetary assets or liabilities, no hedge accounting is applied. Changes in the fair value of these derivative financial instruments are recognized in profit or loss.

21.1.2 Foreign currency translation risk in the statement of financial position

When the functional currency of the entity that holds the investment is different from the functional currency of the related subsidiary, the currency fluctuations on the net investment directly affect other comprehensive income ('Translation reserve') unless any hedging mechanism exists.

All subsidiaries have as functional currency the currency of the country in which they operate. The currencies giving rise to the Group's translation risk in the statement of financial position are primarily the US Dollar, Canadian Dollar, Brazilian Real, Mexican Peso, Australian Dollar and Argentina Peso.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2019	**December 31, 2020**
USD	186	201
CAD	227	229
BRL	155	163
AUD	39	39
MXN	232	234
ARS	148	191

The central treasury department monitors the translation exposure in the statement of financial position of the Group at least on a quarterly basis. The Treasury Committee proposes corrective actions if needed to the Executive Management.

21.1.3 Foreign currency transaction risk in profit or loss

Foreign currency risk in profit or loss includes both the risk of the variability of cash flows in respect of forecasted transactions as a result of changes in exchange rates and the risk that the profit (loss) for the year generated by foreign operations may vary in amount when translated into the presentation currency (Euro). The central treasury department monitors and manages both risks simultaneously.

The currencies that primarily impact the net foreign currency exposure in profit or loss are US Dollar, currencies highly correlated to the US Dollar – i.e. Hong Kong Dollar – Canadian Dollar, Pound Sterling, Australian Dollar, Korean Won, Indian Rupees, Japanese Yen and Swiss Franc.

The Executive Management decides on the hedging policy of aforementioned currency exposures considering the market situation and upon proposal of the Treasury Committee. The objective of the Group's management of exposure in profit or loss is mainly to increase the predictability of results but also to allow the business to react to the changing environment (e.g. by adapting prices or shifting production).

The Group uses forward exchange contracts to hedge its currency risk related to a forecasted exposure. These forward exchange contracts are designated as cash flow hedges. The Group designates only the spot element of forward foreign exchange contracts to hedge its foreign currency risk and applies a hedge ratio of 1:1. The forward element of forward exchange contracts is excluded from the designation of the hedging instrument and is separately accounted for in financial result. The Group's policy is to align the critical terms of the forward exchange contracts with the hedged item. The existence of an economic relationship between the hedged item and the hedging instrument is based on the currency, amount and timing of the respective cash flows. The Group assesses whether the derivative designated in the hedging relationship is expected to be and has been effective in offsetting changes in cash flows using the hypothetical derivative method. Very little ineffectiveness is expected from these cash flow hedges. In these relationships, the main sources of ineffectiveness are the counterparty risk and the Group's own credit risk on the fair value of the forward exchange contracts which is not reflected in the fair value. Also changes in the timing of the hedged transactions can cause hedge ineffectiveness.

In the course of 2020 and 2019, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months.

The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2020: 2 million Euro net of tax; December 31, 2019: 0 million Euro).

During 2020, gains amounting to 4 million Euro have been recognized in 'Other comprehensive income'. An amount of 1 million Euro has been reclassified from 'Other comprehensive income' and has been included in Turnover. Taxes amounting to 1 million Euro have been deducted from 'Other comprehensive income'.

During 2019, losses amounting to 3 million Euro have been recognized in 'Other comprehensive income'. An amount of 3 million Euro has been reclassified from 'Other comprehensive income' and has been deducted from Turnover.

No taxes have been deducted from 'Other comprehensive income'.

A reconciliation in tabular format is provided in Note 21.4 'Summarizing table of cash flow hedge reserve'.

The following table summarizes the effect of the cash flow hedges related to currency risk on the financial statements:

MILLION EURO	2020 Nominal amount	Carrying amount Assets	Carrying amount Liabilities	During the period - 2020: Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
Forward exchange contracts designated as cash flow hedges	84	1.0	-	Derivative financial instruments	4	(2)	Other finance expense	(1)	-	Turnover

MILLION EURO	2019 Nominal amount	Carrying amount Assets	Carrying amount Liabilities	During the period - 2019: Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
Forward exchange contracts designated as cash flow hedges	25	0.3	(0.8)	Derivative financial instruments	(3)	(2)	Other finance expense	3	-	Turnover

Cash flow hedges hedging its exposure in foreign currency have the following maturities:

2020		Maturity 1-3 months	Maturity 3-12 months	Maturity More than 1 year
Forward exchange contracts designated as cash flow hedges				
Nominal amounts net in millions of foreign currency	USD	13	55	18
	CNY	102	-	-
Average EUR:USD forward contract rate		1.10102	1.21950	1.21934
Average EUR:CNY forward contract rate		7.67617	-	-

2019		Maturity		
		1-3 months	3-12 months	More than 1 year
Forward exchange contracts designated as cash flow hedges				
Nominal amounts net in millions of foreign currency	USD	16	-	-
	CNY	88	-	-
Average EUR:USD forward contract rate		1.13400	-	-
Average EUR:CNY forward contract rate		7.64400	-	-

21.1.4 Sensitivity analysis foreign currency risk sensitivity

A strengthening/weakening of the Euro by 10% against the currencies listed hereafter with all other variables held constant, would have increased (decreased) profit or loss by the amounts shown below. The analysis has been carried out on the budgeted net exposure by currency for the year 2020, net of the use of cash flow hedges.

	Profit and loss			
	2019		**2020**	
MILLION EURO	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	**Strengthening of the Euro by 10%**	**Weakening of the Euro by 10%**
USD and currencies highly related to the USD - HKD - RMB	7.7	(7.7)	4.8	(4.8)
CAD	1.1	(1.1)	(0.2)	0.2
GBP	(2.9)	2.9	(3.4)	3.4
AUD	(2.4)	2.4	(2.1)	2.1
INR	(4.0)	4.0	(3.3)	3.3
KRW	(2.5)	2.5	(2.4)	2.4
CHF	(1.9)	1.9	(1.6)	1.6
JPY	(3.2)	3.2	(3.3)	3.3

21.2 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to changes in interest rates primarily relates to the Group's net financial debt position, including the FX-swaps and its interest component that economically hedge intercompany loans and deposits. For the most important currencies the following interest rate profile exists at the reporting date:

	Profit or loss			
	2019		**2020**	
	Outstanding amount	Outstanding amount	**Outstanding amount**	**Outstanding amount**
MILLION EURO	At floating rate	At fixed rate	**At floating rate**	**At fixed rate**
EUR	330	-	(411)	-
USD	(99)	-	(7)	-
GBP	1	-	(6)	-
RMB	7	-	(18)	-
AUD	(15)	-	(23)	-
JPY	19	-	17	-
BRL	8	-	1	-
CAD	3	-	(8)	-
CHF	(9)	-	-	-
HKD	(7)	-	(7)	-
PLN	(5)	-	(4)	-
KRW	(4)	-	(5)	-
ZAR	(6)	-	(8)	-
INR	(3)	-	(5)	-
Other	(1)	-	(18)	-
TOTAL	**219**	-	**(502)**	-
NET FINANCIAL DEBT	**219**		**(502)**	

21.2.1 Sensitivity analysis interest rate risk

A change of 100 basis points in interest rates at December 31, 2020 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The analysis is performed on the same basis for 2019.

	Profit and loss	
	100 bp increase	100 bp decrease
December 31, 2019		
Net impact	(2.19)	2.19
December 31, 2020		
Net impact	5.02	(5.02)

21.3 COMMODITY PRICE RISK

The Group's most important raw material exposures relate to silver and aluminum. The Group's commodity price risk – i.e. the risk that its future cash flows and earnings may vary because of changed material prices – is highly connected with other factors such as the Group's competitive position within an industry, its relationship with customers and suppliers.

In order to prevent negative effects from potential future price rises or price volatility of aluminum, the Group applies for aluminum a strategy of purchasing at spot rates combined with a system of 'Rolling layered forward buying'.

This 'Rolling layered forward buying' model has been set up mainly for increasing the predictability with respect to raw material prices. According to this model, the Group purchases a predefined % of the planned yearly consumption.
The Commodities Steering Committee periodically reviews the commodity purchasing and hedging strategy. Deviations from the predefined 'Rolling layered forward buying' model are possible in which case the Chief Executive Officer takes the final decision.

This 'Rolling layered forward buying' is achieved by means of metal swap agreements. These metal swap agreements are concluded with banks and are designated as 'cash flow hedges', hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum.

These commodity contracts are held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements. The Group designates the metal swap agreement as hedging the change in the aluminum price LME (hedged item) and applies a hedge ratio of 1:1. By designating only a component of the hedged item, the Group assumes very little ineffectiveness. The Group determines the existence of an economic relationship between the hedged item and the hedging instrument based on the currency, amount and timing of the respective cash flows. The Group assesses whether the derivative designated in the hedging relationship is expected to be and has been effective in offsetting changes in cash flows using regression analysis. In these relationships, the main sources of ineffectiveness are the counterparty risk and the Group's own credit risk on the fair value of the swap contracts which is not reflected in the fair value. Also changes in the timing of the hedged transactions can cause hedge ineffectiveness.

The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2020: 4 million Euro net of tax; December 31, 2019: minus 3 million Euro net of tax). During 2020, gains amounting to 2 million Euro have been recognized in 'Other comprehensive income'. During 2019, losses amounting to 5 million Euro have been recognized in 'Other comprehensive income'. Taxes amounting to 1 million Euro have been deducted from 'Other comprehensive income'.
An amount of 6 million Euro has been reclassified from 'Other comprehensive income' (2019: 14 million euro) and has been capitalized in 'Inventory'.

A reconciliation in tabular format is provided in Note 21.4 'Summarizing table of cash flow hedge reserve'.

The following table summarizes the effect of the cash flow hedges related to commodity risk on the financial statements:

	2020		During the period - 2020						
	Carrying amount		Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
MILLION EURO	Assets	Liabilities							
Metal swap agreements	5	-	Derivative financial instruments	2	-	-	-	6	-

MILLION EURO	2019		During the period - 2019						
	Carrying amount		Line item in statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognized in OCI	Hedge ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amounts reclassified from hedging reserve to profit or loss	Amounts reclassified from hedging reserve to cost of inventory	Line item in profit or loss affected by the reclassification
	Assets	Liabilities							
Metal swap agreements	-	(2)	Derivative financial instruments	(5)	-	-	-	14	-

It should also be noted that the Group's management will react on increased raw material prices by mitigating this impact through sales price adaptations and cost efficiency measures amongst other measures, depending on the size of the price increases of the raw materials and considering currency evolutions and the general market circumstances.

Cash flow hedges hedging its exposure in commodity price risk have the following maturities:

2020		Maturity		
		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value (in millions of foreign currency)	USD	3	3	-
Average LME swap rate	USD/ ton	1.896	1.929	
2019		Maturity		
		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value (in millions of foreign currency)	USD	(2)	-	-
Average LME swap rate	USD/ ton	1.964	1.919	1.826

21.3.1 Sensitivity analysis commodity price risk

For 2020, the Group's exposed tonnage of silver is around 121 tons (2019: 141 tons). For every US dollar/troy change in the silver price, the impact on the Group's consolidated profit or loss statement is estimated at 3.9 million Euro on a yearly basis (2019: 2.5 million Euro). The analysis has been carried out on the budgeted exposed volume for the year 2020 converted at the budgeted rate US dollar/Euro for 2020. The aforementioned Group's exposed tonnage of silver disregards the ability to partly charge its customers on the variability of the silver price.

For 2020, the Group's exposed tonnage of aluminum is around 89 kilotons (2019: 100 kilotons).
For every 100 US dollar/ton change in the European alu metal price (LME), the impact on the Group's aluminum spending is estimated at 4.3 million Euro on a yearly basis (2019: 5.5 million Euro).
For every 500 Chinese yuan/ton change in the Chinese alu metal price (SHME & CNAL), the impact on the Group's aluminum spending is estimated at 2 million Euro on a yearly basis (2019: 1.6 million Euro).
Both analyses have been carried out on the budgeted exposed volume for the year 2020 converted at the budgeted rate of respectively the US dollar and Chinese yuan to Euro.
The aforementioned Group's exposed tonnage of aluminum disregards both the ability to partly charge its customers on the variability of the aluminum metal price, as well as any hedging done.

21.4 SUMMARIZING TABLE OF CASH FLOW HEDGE RESERVE: CURRENCY RISK AND COMMODITY RISK

The following table provides a summary of the effect in accumulated other comprehensive income of cash flow hedges by type of risk :

	Cash flow hedges related to		
	Currency risk	Commodity risk	TOTAL
Other comprehensive income at January 1, 2019	**-**	**(12)**	**(12)**
Effective portion of changes in fair value booked in Other comprehensive income	(3)	(5)	**(8)**
Changes in fair value of cash flow hedges reclassified to turnover	3	-	**3**
Adjustments for amounts transferred to initial carrying amount of inventory	-	14	**14**
Income taxes	-	-	**-**
Other comprehensive income at December 31, 2019	**-**	**(3)**	**(3)**
Other comprehensive income at January 1, 2020	**-**	**(3)**	**(3)**
Effective portion of changes in fair value booked in OCI	4	2	**6**
Changes in fair value of cash flow hedges reclassified to turnover	(1)	-	**(1)**
Adjustments for amounts transferred to initial carrying amount of inventory	-	6	**6**
Income taxes	(1)	(1)	**(2)**
Other comprehensive income at December 31, 2020	**2**	**4**	**7**

There are no balances in hedge reserve related to hedge relationships for which hedge accounting is no longer applied.

22. CREDIT RISK

Credit risk is the risk that the counterparty to a financial instrument may fail to discharge an obligation and cause the Group to incur a financial loss.

The Group manages exposure to credit risk by working with upfront agreed counterparty credit limits and through diversification of counterparties.

Credit risk arises mainly from the Group's receivables from customers, investments and foreign currency forward contracts.

The exposure to credit risk from customer receivables is monitored on an ongoing basis by the Credit Committee. Credit limits are set for each customer based on its creditworthiness and are reviewed periodically by the Credit Committee. In monitoring the credit risk, customers are grouped in risk categories according to their financial characteristics. It is the Group's policy to cover a portion of the receivables portfolio through credit insurance to cover default risk.

Goods sold are subject to retention of title clauses, so that in event of non-payment the Group may have a secured claim. In normal circumstances, the Group does not require collateral in respect of trade or other receivables.
Transactions involving derivative financial instruments and deposits are to be kept within predefined credit limits set by counterparty based on the Standard & Poor's rating of the related financial institution. To minimize the concentration of counterparty risk, the Group enters into derivative transactions with a number of financial institutions. Investments are only allowed in liquid assets.

22.1 EXPOSURE TO CREDIT RISK

As a result of the Group's broad customer portfolio, there were no significant concentrations of credit risk at December 31, 2020. The maximum exposure is kept within predefined limits.

The carrying amounts of the financial assets, including derivative financial instruments, in the statement of financial position reflect the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date per class of financial asset is as follows:

MILLION EURO	Note	2019	2020
Financial assets at fair value through OCI			
Equity instruments	30.2	6	5
Financial assets at fair value through profit or loss			
Derivatives not part of a hedging relationship – assets	25	-	3
Financial assets at amortized cost and contract assets			
Trade receivables	22.2	429	312
Contract assets	8.3	100	64
Receivables under finance lease	31	97	96
Other receivables	33	15	9
Other investments and loans measured at cost	30.2	2	11
Cash	34	107	585
TOTAL		**756**	**1,085**

At December 31, 2020 and 2019, the exposure to credit risk for trade receivables, contract assets and lease receivables by geographic region was as follows:

	2019			**2020**		
MILLION EURO	Trade receivables	Contract assets	Lease receivables	**Trade receivables**	**Contract assets**	**Lease receivables**
Europe	214	55	70	136	24	71
NAFTA	67	36	26	47	33	25
Latin America	37	5	-	23	5	-
Asia/Oceania/Africa	111	3	-	105	2	-
TOTAL	**429**	**100**	**97**	**312**	**64**	**96**

22.2 EXPECTED CREDIT LOSS

With regard to impairment of trade receivables, lease receivables and contract assets, the Group applies the simplified approach for the impairment evaluation, which implies that credit losses for these categories of assets are always measured at an amount equal to lifetime expected credit losses. Credit losses are measured as the present value of all cash shortfalls – i.e. the difference between the cash flows to which the entity is entitled to and what the entity expects to receive.

The inputs and assumptions to the expected credit loss model are the following: significant financial difficulty of the counterparty, a default of more than 90 days past due, a possible bankruptcy of the counterparty, ...

The evaluation of possible credit-impairment takes into account forward-looking elements. For the major part of the accounts receivable balances, debtors are scored and rated based on quantitative and qualitative information on an ongoing basis through Credit Risk Application in place. All customers are classified into different risk categories which are reassessed on a yearly basis based on relevant forward-looking information such as data from external credit bureaus, age of business, country risk and the credit manager's assessment. To mitigate the credit risk, credit insurance and other risk mitigation tools such as letter of credit, bank guarantees, mortgage are used within the Group.

This methodology of individually reviewed outstanding receivable amounts taking into account forward-looking information to assess impairment risks has always been used within the Group.

The ageing of trade receivables and receivables under finance lease at the reporting date was:

	2019			2020		
MILLION EURO	Gross value	Impairment loss	Net	**Gross value**	**Impairment loss**	**Net**
Trade receivables						
Not past due	356	(4)	352	266	(3)	263
Past due 0 – 30 days	36	(1)	35	23	-	23
Past due 31 – 90 days	26	(1)	25	15	-	14
Past due 91 – 180 days	9	(1)	8	5	(1)	4
Past due 181 – 360 days	9	(8)	1	11	(7)	3
Past due more than 360 days	42	(35)	8	34	(30)	4
TOTAL TRADE RECEIVABLES	**478**	**(49)**	**429**	**354**	**(43)**	**312**
Receivables under finance lease						
Not past due	92	-	92	91	-	91
Past due 0 – 30 days	1	-	1	2	-	2
Past due 31 – 90 days	1	-	1	4	-	4
Past due 91 – 180 days	2	-	2	-	-	-
Past due 181 – 360 days	1	-	1	-	-	-
Past due more than 360 days	1	(2)	-	1	(1)	-
TOTAL RECEIVABLES UNDER FINANCE LEASES	**98**	**(2)**	**96**	**98**	**(2)**	**96**

Past due amounts more than 360 days mainly arise in Belgium and are mainly caused by commercial disputes. These overdues are for the major part written down. Overdues by region are very closely monitored case by case by the Credit Committees within the Group. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behavior and extensive analysis of customer credit risk and considering forward looking elements.

The following table provides information about the exposure to credit risk for trade receivables from individual customers at December 31, 2020:

MILLION EURO	Weighted average loss rate	Gross carrying amount	Loss allowance
Not past due	1.23%	266	(3)
Past due 0 - 30 days	1.49%	23	-
Past due 31 - 90 days	2.45%	15	-
Past due 91 - 180 days	20.27%	5	(1)
More than 180 days	84.12%	45	(37)

The movement in the allowance for impairment in respect of trade, lease receivables and contract assets during the year is shown in the following table. The loss amount is measured at an amount equal to lifetime expected credit losses.

MILLION EURO	2019		2020	
	Impairment losses on trade and lease receivables	Impairment losses on contract assets	Impairment losses on trade and lease receivables	Impairment losses on contract assets
Balance at January 1	**53**	**1**	**51**	**1**
Additions/reversals charged to profit or loss	5	1	2	-
Deductions from allowance (1)	(8)	-	(5)	-
Divestment	-	-	(1)	(1)
Exchange differences	-	-	(1)	-
Balance at December 31	**51**	**1**	**45**	**1**

(1) Write-offs for which an allowance was previously recorded.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment for each type of financial asset based on whether there is a reasonable expectation of recovery. Financial assets that are written off are still subject to enforcement activities of the Group for recovery of amounts due.

The impairment loss relates to several other customers that indicated not to be able to pay their outstanding balances mainly due to economic circumstances.

The Group partly invested cash in short-term money market funds (296 million Euro), with a AA credit rating. In the course of 2020, an impairment loss of 1 million Euro has been registered on these money market funds, as a result of negative interests on short-term investments. The remaining part of the cash held, is deposited with banks having an A credit rating.

23. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in meeting commitments related to financial liabilities when they fall due.

The Group ensures that it has sufficient liquidity to meet its liabilities. Liquidity risk is managed by maintaining a sufficient degree of diversification of funding sources. The Group has a policy in place to limit concentrations related to liquidity risk. The total share of gross drawn term debt and all undrawn committed facilities provided by one bank or bank group should not exceed predetermined limits. Risk concentrations are monitored on an ongoing basis by the Treasury Committee.

In managing its liquidity risk the Group has a revolving credit facility it can access to meet its liquidity needs. The notional amount of this credit facility initially amounted to 400 million Euro with maturity date July 17, 2021 but has been adjusted downwards to 270 million Euro. The triggering event was the divestment of the HealthCare IT business to the Dedalus Group. The revolving credit facility agreement comprised a clause stipulating that in the event of a divestment, the credit line would be reduced by 66% of the proceeds above a certain threshold. As such, the credit facility amounts to 270 million Euro at the end of 2020.

Drawdowns under these lines are made for shorter periods but the Group has the discretion to roll-over the liability under the existing committed loan agreement. In the liquidity analysis, repayments of the committed facilities are included in the earliest time band the Group could be required to repay its liabilities. At December 2020, there are no drawdowns under these lines (2019 : 149 million Euro).

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments based on conditions existing at the reporting date, i.e. exchange rates and interest rates. With regard to derivatives, the maturity analysis comprises liabilities arising from derivatives and all gross settled forward exchange contracts. The contractual cash flows for forward exchange contracts are determined using forward rates.

2019

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	-	-	-	-	-	-
Revolving credit facility (1)	149	150	150	-	-	-
EIB loan	-	-	-	-	-	-
Other loans	56	56	39	17	-	-
Lease liabilities	112	112	9	28	64	11
Bank overdrafts	9	9	9	-	-	-
Trade payables	234	234	232		2	-
Other payables	9	9	9		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(25)	(25)	-	-	-
Inflow	-	24	24	-	-	-
Other forward exchange contracts:						
Outflow	(2)	(198)	(186)	(12)	-	-
Inflow	-	196	184	12	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(2)	(2)	(1)	(1)	-	-
Inflow	-	-	-	-	-	-

(1) Transaction costs (1 million Euro) are presented as a reduction of the carrying amount of the financial liability.

2020

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	-	-	-	-	-	-
Revolving credit facility (1)	-	-	-	-	-	-
EIB loan	-	-	-	-	-	-
Other loans	3	3	2	1		
Lease liabilities	79	79	7	18	48	5
Bank overdrafts	-	-	-	-	-	-
Trade payables	198	198	198		-	-
Other payables	8	8	8		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	-	(83)	(23)	(45)	(15)	-
Inflow	1	84	24	45	15	-
Other forward exchange contracts:						
Outflow	-	(168)	(86)	(82)	-	-
Inflow	1	169	85	84	-	-

(1) Transaction costs (0.2 million Euro) are presented as a reduction of the carrying amount of the financial liability.

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and impact the profit or loss with the fair value of the related hedging instruments.

2019

MILLION EURO	Fair value	Expected cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(25)	(25)	-	-	-
Inflow	-	24	24	-	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(2)	(2)	(1)	(1)	-	-
Inflow	-	-	-	-	-	-

2020

MILLION EURO	Fair value	Expected cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts designated as cash flow hedges:						
Outflow	-	(83)	(23)	(45)	(15)	-
Inflow	1	84	24	45	15	-
Swap contracts designated as cash flow hedges:						
Outflow	-	-	-	-	-	-
Inflow	5	5	1	4	-	-

24. CAPITAL MANAGEMENT

The Executive Management seeks to maintain a balance between the components of the shareholders' equity and the net financial debt at an agreed level. Net financial debt is defined as current and non-current loans and borrowings and lease liabilities less cash and cash equivalents. There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements, with the exception of the statutory minimum equity funding requirements that apply to its subsidiaries in the different countries.

25. ACCOUNTING CLASSIFICATION AND FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All derivative financial instruments are recognized at fair value in the statement of financial position.

The Group aggregates its financial instruments into classes based on their nature and characteristics. The following table shows the carrying amounts and fair values of financial assets and liabilities by category and a reconciliation of the corresponding line items in the statement of financial position. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. During 2020 and 2019 there have been no reclassifications of financial assets between categories.

The other payables classified as mandatorily at fair value through profit or loss in the fair value hierarchy 2 (2020: 3 million Euro, 2019 : 2 million Euro) relate to a deposit of 3.4 ton silver placed by a metal recovery and refining company, valued at fair value (quoted market price). The other payables classified as mandatorily at fair value through profit or loss in the fair value hierarchy 3 (2020: 0 million Euro, 2019: 2 million Euro) relates to contingent consideration from business combinations (performance based component).

2019

MILLION EURO	Note	Financial assets/liabilities: carrying amount							
		Hedging instruments	Mandatorily at fair value through P&L – Others		Fair value through OCI – Equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	**TOTAL**	**Fair value**
Fair value hierarchy		2	2	3	1				
Assets									
Other financial assets	30	-	-	-	6	2	-	8	8
Trade receivables	22.2	-	-	-	-	429	-	429 (a)	
Receivables under finance lease	31	-	-	-	-	97	-	97 (a)	
Other receivables	33	-	-	-	-	15	-	15 (a)	
Derivative financial instruments:									
Other forward exchange contracts		-	-	-	-	-	-	-	-
Cash and cash equivalents	34					107	-	107	107
TOTAL ASSETS		**-**	**-**	**-**	**6**	**650**	**-**	**656**	
Liabilities									
Loans and borrowings									
Revolving credit facility	38						149	149	150 (b)
Bank overdrafts	38	-	-	-	-	-	9	9	9
Other bank liabilities	38	-	-	-	-	-	56	56	56
Debenture	38	-	-	-	-	-	-	-	-
Lease liabilities	38.2						112	112	112
Trade payables		-	-	-	-	-	234	234 (a)	
Other payables	40	-	2	2 (c)	-	-	5	9 (a)	
Derivative financial instruments:									
Forward contracts used for hedging		1	-	-	-	-	-	1	1
Swap contracts used for hedging		2	-	-	-	-	-	2	2
Other forward exchange contracts		-	2	-	-	-	-	2	2
TOTAL LIABILITIES		**3**	**4**	**2**	**-**	**-**	**565**	**574**	

Fair value hierarchy:

1 Fair value hierarchy 1 means that the fair value is determined based on quoted prices in active markets.

2 Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for that related asset or liability.

3 Fair value hierarchy 3 means that fair value is determined based on inputs that are not based on observable market data: related to other payable.

(a) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are mainly short-term receivables and payables for which the carrying amount is an approximation of fair value.

(b) Transaction costs are included in the initial measurement of the financial liability (1 million euro).

(c) Relates to contingent consideration from business combinations (performance based component). The fair value of the contingent consideration from business combinations is calculated using a discounted cash flow model. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Significant observable inputs are the expected cash flows and the risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected performances are higher (lower).

2020

MILLION EURO	Note	Financial assets/liabilities: carrying amount							
		Hedging instruments	Mandatorily at fair value through P&L – Others		Fair value through OCI – Equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	**TOTAL**	**Fair value**
Fair value hierarchy		2	2	3	1				
Assets									
Other financial assets	30	-	-	-	5	10	-	15	15
Trade receivables	22.2	-	-	-	-	312	-	312 (a)	
Receivables under finance lease	31	-	-	-	-	96	-	96 (a)	
Other receivables	33	-	-	-	-	9	-	9 (a)	
Derivative financial instruments:									
Other forward exchange contracts		1	-	-	-	-	-	1	1
Swap contracts used for hedging		5	-	-	-	-	-	5	5
Other swap contracts		-	3	-	-	-	-	3	3
Cash and cash equivalents	34	-	-	-		585	-	585	585
TOTAL ASSETS		7	3	-	**5**	**1,012**	-	**1,027**	
Liabilities									
Loans and borrowings									
Revolving credit facility (b)	38	-	-	-	-	-	-	-	
Bank overdrafts		-	-	-	-	-	-	-	
Other bank liabilities	38	-	-	-	-	3	-	3	3
Lease liabilities	38.2	-	-	-	-	79	-	79	79
Trade payables		-	-	-	-	198	-	198 (a)	
Other payables	40		3			5		8 (a)	
Derivative financial instruments:									
Forward contracts used for hedging		-	-	-	-	-	-	-	-
Swap contracts used for hedging		-	-	-	-	-	-	-	-
Other forward exchange contracts		-	2	-	-	-	-	2	2
TOTAL LIABILITIES		**-**	**5**	**-**	**-**	**285**	**-**	**290**	

Fair value hierarchy:

1 Fair value hierarchy 1 means that the fair value is determined based on quoted prices in active markets.

2 Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for that related asset or liability.

3 Fair value hierarchy 3 means that fair value is determined based on inputs that are not based on observable market data: related to other payable.

(a) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are mainly short-term receivables and payables for which the carrying amount is an approximation of fair value.

(b) Transaction costs of the revolving credit facility are included in the initial measurement of the financial liability (0.2 million Euro).

The following table shows a reconciliation between opening and closing balance for level 3 fair values:

Balance at December 31, 2019	**2**
Gains included in finance income – net change in fair value (unrealized)	-
Amounts paid during 2020	(1)
Balance at December 31, 2020	**-**

25.1 BASIS FOR DETERMINING FAIR VALUES

Significant methods and assumptions used in estimating the fair values of financial instruments are as follows.

The fair value of investments in equity securities is determined by reference to their quoted market price at the reporting date.
The fair value of forward exchange contracts and swap contracts is valued using observable forward exchange rates and yield curve data at reporting date.

The fair value of trade and other receivables and trade and other payables is not disclosed as it mainly relates to short-term receivables and payables for which their carrying amount is a reasonable approximation of fair value.

The fair value of financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at market rates of interest at the reporting date. The fair value of the debenture is the quoted market price at the reporting date.

The fair value for the current bank liabilities approximates nominal amounts excluding transaction costs, as drawdowns are made for short periods.

The fair value of the deferred contingent consideration from business combinations is calculated using a discounted cash flow model. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Significant observable inputs are the expected cash flows and the risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected performances are higher (lower).

26. ITEMS OF INCOME, EXPENSE, GAINS AND LOSSES ON FINANCIAL INSTRUMENTS RECOGNIZED IN PROFIT OR LOSS

	2020				
MILLION EURO	Financial assets at amortized cost	Derivatives	Financial liabilities carried at amortized cost	Financial liabilities at fair value	**TOTAL**
Interest income	2	1	-	-	**3**
Interest expense	-	(1)	(9)	-	**(10)**
Finance lease income	4	-	-	-	**4**
Impairment charges	(7)	-	-	-	**(7)**
Income from reversal of impairment losses	4	-	-	-	**4**
Change in fair value of financial instruments not part of a hedging relationship	-	(2)	-	-	**(2)**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	(2)	-	-	**(2)**
Change in fair value	-	-	-	(1)	**(1)**
Gains on revaluation of contingent consideration from business combination	-	-	-	-	**-**

	2019				
MILLION EURO	Financial assets at amortized cost	Derivatives	Financial liabilities carried at amortized cost	Financial liabilities at fair value	**TOTAL**
Interest income	2	3	-	-	**5**
Interest expense	-	(2)	(13)	-	**(15)**
Finance lease income	4	-	-	-	**4**
Impairment charges	(10)	-	-	-	**(10)**
Income from reversal of impairment losses	5	-	-	-	**5**
Change in fair value of financial instruments not part of a hedging relationship	-	3	-	-	**3**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	(2)	-	-	**(2)**
Gains on revaluation of contingent consideration from business combination	-	-	-	3	**3**

ASSETS

27. GOODWILL AND INTANGIBLE ASSETS

MILLION EURO	Goodwill	Intangible assets: Indefinite useful lives	Intangible assets: Finite useful lives							TOTAL
		Trademarks	Capitalized development costs	Acquired technology	Contractual customer relationships	Trademarks	Management information systems	Software, licenses, concessions and IP rights	Advance payments to acquire intangible assets	
Cost at December 31, 2018	**624**	**17**	**43**	**217**	**134**	**14**	**124**	**61**	**-**	**1,234**
Exchange differences	9	-	-	2	1	-	1	(1)	-	**11**
Business combinations additions	(3)	-	-	-	5	-	-	-	-	**1**
Business combinations divestment	-	-	-	-	(5)		-	-	-	**(5)**
CHP certificates and emission rights (non-cash)	-	-	-	-	-	-	-	2	-	**2**
Capital expenditures	-	-	-	-	-	-	-	4	-	**4**
Disposals and retirements	-	-	-	(6)	-	(8)	-	(5)	-	**(19)**
Construction in progress put into use	-	-	-	-	-	-	-	-	-	**-**
Reclasses	-	-	-	-	1	-	4	(1)	-	**5**
Cost at December 31, 2019	**630**	**17**	**43**	**213**	**135**	**6**	**129**	**60**	**-**	**1,234**
Exchange differences	(21)	-	-	(2)	(2)	-	(4)	-	-	**(29)**
Business combinations additions	-	-	-	-	-	-	-	-	-	**-**
Business combinations divestment	(259)	(17)	(40)	(169)	(90)	(2)	-	(2)	-	**(580)**
CHP certificates and emission rights (non-cash)	-	-	-	-	-	-	-	1	-	**1**
Capital expenditures	-	-	-	-	-	-	-	1	-	**2**
Disposals and retirements	-	-	-	-	-	-	-	(2)	-	**(2)**
Construction in progress put into use	-	-	-	-	-	-	-	-	-	**-**
Reclasses	-	-	-	-	1	-	1	(1)	-	**-**
Cost at December 31, 2020	**349**	**-**	**4**	**42**	**43**	**4**	**126**	**58**	**-**	**627**
Accumulated amortization and impairment losses December 31, 2018	**101**	**4**	**43**	**188**	**96**	**12**	**119**	**55**	**-**	**619**
Exchange differences	2	-	-	2	-	-	1	(1)	-	**4**
Business combinations divestment	-	-	-	-	(5)	-	-	-	-	**(5)**
Amortization during the year	-	-	-	5	8	1	3	2	-	**19**
Impairment loss during the year	35	-	-	2	5	1	1	2	-	**46**
Disposals and retirements	-	-	-	(6)	-	(8)	-	(2)	-	**(16)**
Reclasses	-	-	-	-	-	-	-	-	-	**-**
Accumulated amortization and impairment losses December 31, 2019	**138**	**4**	**43**	**190**	**105**	**6**	**123**	**56**	**-**	**667**
Exchange differences	(5)	-	-	(2)	(2)	-	(4)	-	-	**(13)**
Business combinations divestment	(49)	(4)	(40)	(148)	(77)	(2)	-	(2)	-	**(322)**
Amortization during the year	-	-	-	2	5	-	2	1	-	**10**
Impairment loss during the year	-	-	-	-	-	-	-	-	-	**-**
Disposals and retirements	-	-	-	-	-	-	-	-	-	**-**
Reclasses	-	-	-	-	-	-	1	(1)	-	-
Accumulated amortization and impairment losses December 31, 2020	**84**	**-**	**4**	**42**	**31**	**4**	**123**	**55**	**-**	**342**
Carrying amount December 31, 2018	**523**	**13**	**-**	**29**	**38**	**2**	**5**	**6**	**-**	**615**
Carrying amount December 31, 2019	**492**	**13**	**-**	**23**	**30**	**-**	**5**	**3**	**-**	**566**
Carrying amount December 31, 2020	**265**	**-**	**-**	**-**	**12**	**-**	**4**	**3**	**-**	**284**

In 2020, the cash relevant capital expenditures for intangible assets amount to 2 million Euro (2019: 4 million Euro) and mainly relate to emission rights bought.
Business combinations divestment relate to the sale of part of HealthCare's IT business (see Note 20).

At year-end 2019, the Group has tested its goodwill and intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful life that are fully attributed to the operating segment HealthCare IT. In the course of 2020, these trademarks have been divested to the Dedalus Group. In addition, the Group assessed whether there was an indication of impairment for intangible assets with finite useful lives. These tests did not result in the recording of any impairment loss.

The Group's management has reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2020. This review has not resulted in revised amortization periods for intangible assets belong to Radiology Solutions, Digital Print & Chemicals and HealthCare IT. For Offset Solutions the intangible assets have already been fully impaired in 2019 (see Note 27.1).

More information on the underlying assumptions of the useful lives is provided in section 27.3 of this Note.

27.1 IMPAIRMENT TESTS FOR GOODWILL

For the financial statements of the Group, goodwill is tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU).

In line with the definition of cash-generating units, the management of the Group has identified the reportable segments as the cash-generating units, i.e. Offset Solutions, Radiology Solutions, Agfa HealthCare IT and Digital Print & Chemicals. The operating segment is the lowest level within the Group at which the goodwill is monitored for internal management purposes (see Note 6 Reportable segments).

At the end of 2020, the impairment test for goodwill was performed for the cash-generating units Radiology Solutions and the remaining part of HealthCare IT. This test was not required for Digital Print and Chemicals nor for Offset Solutions because Digital Print and Chemicals does not comprise any goodwill and the goodwill belonging to the cash-generating unit Offset Solutions was already fully impaired in 2019.

The impairment testing has been carried out by comparing the carrying amount of each cash-generating unit to its recoverable amount. The recoverable amount of the CGU has been determined based upon a value in use calculation. The value in use is determined as the present value of estimated future cash flows that are derived from the current long-term planning of the Group. The discount rate used in calculating the present value of the estimated future cash flows, is based on an average market participant's weighted average cost of equity and debt capital (WACC).

The WACC considers a debt/equity ratio for an average market's participant increased with an additional risk premium to the cost of equity. The cost of debt is based on the conditions on which comparable companies can obtain long-term financing.

The discount rate is calculated for each cash-generating unit independently, considering the debt/equity ratio of each peer group. The pre-tax discount rates are derived from the WACC by means of iteration.

27.1.1 CGU Offset Solutions

At December 31, 2020, the carrying amount of the CGU Offset Solutions comprises goodwill of 0 million Euro. At year-end 2019, the Group tested its goodwill of the CGU Offset Solutions for impairment. Based on the assumptions used, the calculated value in use of the CGU was lower than its carrying amount and consequently the Group fully impaired the related goodwill amounting to 31 million Euro, mainly relating to old acquisitions.

In addition to goodwill and according to IAS 36 *Impairment of assets* the Group also fully impaired in 2019 the intangible assets belonging to the CGU 0ffset Solutions amounting to 10 million Euro. These intangible assets mainly relate to contractual customers lists, acquired technology and software & licenses.

The Group also re-assessed at that moment the net asset value of the Property, Plant & Equipment belonging to the CGU Offset Solutions. The Group recognized in 2019 an impairment loss of 26 million Euro. These assets mainly related to buildings & infrastructure and machinery & technical equipment.

As such the Group recognized in 2019 a total impairment loss amounting to 67 million Euro for the CGU Offset Solutions in Other operating expense (Note 9.2).

27.1.2 CGU Radiology Solutions

At December 31, 2020, the carrying amount of the CGU Radiology Solutions comprises goodwill of 62 million Euro. At year-end 2020, the Group tested its goodwill of the CGU Radiology Solutions for impairment.

Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Radiology Solutions has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate of minus 3.21%. These growth rates are derived from respective market information.
The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:
- after-tax WACC: 7.16% (2019: 7.57%);
- pre-tax discount rate: 8.88% (2019: 9.85%);
- terminal growth rate (after five years): minus 3.21% (2019: minus 3.43%);
- silver: 19.3 USD/Troz. (2019: 16 USD/Troz.);
- exchange rate USD/Euro: 1.2 (2019: 1.15);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased silver prices and WACC changes, have been performed. The sensitivity analysis was based on a substantially increased silver price (+ 2 USD/Troz. over the long term horizon) and a 100 basis point increase in the weighted average cost of capital. These sensitivity analyses have not revealed any risk for impairment loss. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in one of these key assumptions would not trigger an impairment loss to occur.

27.1.3 CGU Agfa HealthCare IT

At December 31, 2020, the carrying amount of the CGU Agfa HealthCare IT comprises goodwill of 203 million Euro. At year-end 2020, the Group tested its goodwill of HealthCare IT for impairment.

Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Agfa HealthCare IT has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors. After five years a terminal value is computed using a growth rate in the division Information Technologies (IT Solutions) of 1.5%. These growth rates are derived from respective market information.
The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:

- after-tax WACC: 7.61% (2019: 7.61%);
- pre-tax discount rate: 9.36% (2019: 9.49%);
- terminal growth rate (after five years): 1.5% for IT Solutions (2019: 1.5%);
- exchange rate USD/Euro: 1.2 (2019: 1.15);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantial changes in WACC, have been performed. The sensitivity analysis was based on a 100 basis point increase in the weighted average cost of capital. These sensitivity analyses have not revealed any risk for impairment loss. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in one of these key assumptions would not trigger an impairment loss to occur.

27.1.4 CGU Digital Print & Chemicals

At December 31, 2020, the carrying amount of the CGU Digital Print & Chemicals comprises no goodwill.

27.2 IMPAIRMENT TESTS FOR INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

At year-end 2019, the Group has tested its intangible assets with indefinite useful lives for impairment. It related to trademarks with indefinite useful lives that are fully attributed to the operating segment HealthCare IT. These tests did not result in the recording of any impairment loss. At year-end 2020, due to the divestment of part of the HealthCare IT business, the Group no longer has intangible assets with indefinite useful lives on its balance sheet.

27.3 USEFUL LIVES OF INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

The useful life of an intangible asset is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of the Group. Acquired technology and customer relationships are the most crucial recognized intangible assets with finite useful lives for the Group. For acquired technology, the estimation of the remaining useful life is based on the analysis of factors such as typical product life cycles in the industry and technological and commercial obsolescence arising mainly from expected actions by competitors or potential competitors.

At December 31, 2020, the net carrying amount of the Group's acquired technology amounted to 0 million Euro (2019: 23 million Euro). In the course of 2020, the Group's acquired technology has been divested to Dedalus Group.

For acquired contractual customer relationships, the estimated remaining useful life is assessed by reference to customer attrition rates. For the estimation of appropriate customer attrition rates, the Group assesses the probability that existing contracts will be renegotiated. For the assessment of the probability that existing contracts can be renegotiated, demand as well as competition and other factors such as technological lock-in and related sunk costs are of importance. At December 31, 2020, the net carrying amount of the Group's remaining acquired contractual customer relationships amount to 12 million Euro (2019: 30 million Euro). In the course of 2020, contractual customer relationships in the amount of 13 million Euro have been divested to Dedalus Group.
The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately three years. The useful lives are periodically reviewed and revised if necessary.

While the Group believes that the assumptions (such as attrition rates and product life cycles) used for the determination of the useful lives of aforementioned intangibles are appropriate, significant differences in actual experience would affect the Group's future amortization expense.

28. PROPERTY, PLANT AND EQUIPMENT

MILLION EURO	Land, buildings and infrastructure	Machinery and technical equipment	Furniture, fixtures and other equipment	Construction in progress and advance payments to vendors and contractors	TOTAL
Cost at December 31, 2018	**340**	**1,442**	**171**	**22**	**1,976**
Exchange differences	1	3	-	-	**5**
New lease contracts	-	-	8	-	**8**
Capital expenditures	2	12	6	14	**35**
Disposals and retirements	(12)	(45)	(10)	(1)	**(70)**
Construction in progress put into use	-	2	-	(3)	**-**
Reclasses	-	3	1	(9)	**(5)**
Cost at December 31, 2019	**331**	**1,418**	**177**	**22**	**1,948**
Exchange differences	(6)	(14)	(6)	(1)	**(26)**
New lease contracts	-	-	3	-	**3**
Capital expenditures	2	18	5	7	**31**
Business combinations divestment	(6)	-	(24)	(2)	**(32)**
Disposals and retirements	-	(30)	(7)	(1)	**(38)**
Construction in progress put into use	-	1	-	(1)	**-**
Reclasses	-	14	-	(11)	**3**
Cost at December 31, 2020	**320**	**1,407**	**148**	**14**	**1,889**
Accumulated depreciation and impairment losses December 31, 2018	**285**	**1,366**	**150**	**1**	**1,802**
Exchange differences	1	3	-	-	**4**
Depreciation during the year	6	17	14	-	**37**
Impairment loss during the year	10	13	-	3	**27**
Disposals and retirements	(12)	(44)	(10)	-	**(66)**
Reclasses	-	-	-	3	**3**
Accumulated depreciation and impairment losses December 31, 2019	**289**	**1,354**	**154**	**8**	**1,806**
Exchange differences	(4)	(13)	(5)	-	**(22)**
Depreciation during the year	5	14	10	-	**28**
Impairment loss during the year	1	1	-	-	**2**
Business combinations divestment	(4)	-	(17)	-	**(21)**
Disposals and retirements	-	(23)	(7)	-	**(31)**
Reclasses	(1)	-	-	-	**(2)**
Accumulated depreciation and impairment losses December 31, 2020	**287**	**1,333**	**134**	**8**	**1,762**
Carrying amount December 31, 2018	**55**	**77**	**22**	**21**	**174**
Carrying amount December 31, 2019	**41**	**64**	**23**	**14**	**142**
Carrying amount December 31, 2020	**33**	**74**	**13**	**6**	**127**

In 2020, capital expenditure for property, plant and equipment amount to 31 million Euro (2019: 35 million Euro), of which 18 million Euro (2019: 12 million Euro) relates to machinery and technical equipment, mainly in Belgium and Germany and of which 7 million Euro (2019: 14 million Euro) relates to construction in progress mainly for production efficiency, maintenance and IT-related projects in Belgium and Germany.

The Group, as lessor, included assets subject to operating leases in its statement of financial position under the caption 'Other Equipment'. At the end of December 2020, the assets subject to operating leases have a total net carrying amount of 5 million Euro (2019: 11 million Euro) (see Note 44).

Impairment losses on PP&E amount to 2 million Euro and relates to assets that were used for the production of PV belonging to the CGU DPC.

Impairment losses on PP&E in 2019 amount to 27 million Euro of which 26 million Euro relates to the re-assessment of the net value of PP&E belonging to the CGU Offset Solutions (see Note 27.1.1).

During 2020, an additional amount of 2 million Euro was transferred from land, buildings and infrastructure to non-current assets held for sale relating to the planned sale of the closed Leeds (UK) production site (see Note 35).

29. RIGHT-OF-USE ASSETS

Due to the application of IFRS 16, the Group – as lessee – recognizes as of 2019 right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Exemptions are however made for short-term leases and leases of low value items such as the major part of the Group's ICT-equipment.

On initial application of this standard at January 1, 2019 the Group recognized an amount of 104 million Euro mainly attributable to land, buildings and infrastructure (73%). The right-of-use asset is initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In these cases, the right-of-use asset is depreciated over the useful life of the underlying asset, compliant with the methodology applicable for property, plant and equipment.

The following table shows a reconciliation from the opening balances at initial application of IFRS 16 to the closing balances at December 31, 2020, for the right-of-use assets, broken down by category. The Group distinguishes four categories: 1) Right-of-use land, buildings and infrastructure, 2) Right-of-use cars, 3) Right-of-use other transportation equipment, mainly related to our manufacturing organizations and 4) Right-of-use other assets.

MILLION EURO	Right-of-use land, buildings, infrastructure	Right-of-use cars	Right-of-use other transportation equipment	Right-of-use other assets	TOTAL
Change in IFRS accounting policies - opening balances January 1, 2019	**76**	**26**	**1**	**1**	**104**
New lease contracts	17	25	1	1	**43**
Lease revaluations	7	(1)	-	-	**5**
Disposals and retirements	-	(2)	-	-	**(2)**
Cost at December 31, 2019	**99**	**47**	**2**	**1**	**149**
Exchange differences	(3)	(1)	-	-	**(4)**
New lease contracts	12	10	1	-	**23**
Lease revaluations	2	-	-	-	**2**
Disposals and retirements	(4)	(4)	-	-	**(8)**
Business combinations divestment	(20)	(11)	-	-	**(31)**
Reclasses	(1)	(2)	-	-	**(3)**
Cost at December 31, 2020	**85**	**39**	**2**	**1**	**127**
Change in IFRS accounting policies - opening balances January 1, 2019	**-**	**-**	**-**	**-**	**-**
Amortization during the year	(21)	(16)	(1)	-	**(38)**
Impairment loss during the year	(4)	-	-	-	**(4)**
Disposals and retirements	-	2	-	-	**2**
Accumulated depreciation and impairment losses December 31, 2019	**(25)**	**(13)**	**(1)**	**-**	**(39)**
Exchange differences	1	-	-	-	**1**
Amortization during the year	(18)	(12)	(1)	-	**(31)**
Impairment loss during the year	1	-	-	-	**1**
Disposals and retirements	3	4	-	-	**7**
Business combinations divestment	5	4	-	-	**9**
Reclasses	1	1	-	-	**2**
Accumulated depreciation and impairment losses December 31, 2020	**(32)**	**(16)**	**(1)**	**-**	**(49)**
Change in IFRS accounting policies - opening balances January 1, 2019	**76**	**26**	**1**	**1**	**104**
Carrying amount December 31, 2019	**75**	**33**	**1**	**1**	**110**
Carrying amount December 31, 2020	**54**	**22**	**1**	**-**	**78**

New lease contracts concluded during 2020 amounted to 23 million Euro (2019: 43 million Euro) and primarily related to buildings and cars. The increase in right-of-use assets equals the increase in lease liabilities. For additional information on the evolution of the lease liabilities, see Note 38.

Lease revaluations made during 2020 amounting to 2 million Euro (2019: 5 million Euro) mainly relate to contract extensions. Business combinations divestment relates to the sale of part of HealthCare's IT business (see Note 20).

In 2019, impairment losses amounting to 4 million Euro have been recognized on onerous lease contracts. These expenses are however partially offset by a reversal of a provision for onerous rent existing on the date of initial application of IFRS 16 (January 1, 2019) amounting to 3 million Euro.

30. INVESTMENTS IN ASSOCIATES AND FINANCIAL ASSETS

30.1 INVESTMENTS IN ASSOCIATES

During 2016, the Group acquired 26.4% equity stake in the company My Personal Health Record Express Inc. (MphRx) in order to strengthen its position in the Integrated Care market. The entry in the Integrated Care market is part of Agfa HealthCare's long term strategy to expand its offering for HealthCare IT on the global market. The investment in the associate was measured using the equity method. During 2019, the Group has recognized losses amounting to 0.6 million Euro in relation to its interest in this associate.
The investment in MphRx has been divested to the Dedalus Group in the course of 2020.

MILLION EURO	2019	2020
Carrying amount of interests in MphRx, including goodwill	4	-
Net loss after taxes of MphRx	(2)	-
Group's share of net loss after taxes (2019: 26.9%)	**(1)**	**-**
Other Comprehensive Income of MphRx	-	-
Group's share of Other Comprehensive Income (2019: 26.9%)	**-**	-
Summarized financial information of MphRx		
Current assets	2	-
Equity	(1)	-
Current liabilities	2	-
Group's share of equity (2019: 26.9%)	**-**	**-**
Goodwill included in carrying amount of investment in MphRx	5	-
Carrying amount of investment in MphRx	**4**	**-**

30.2 FINANCIAL ASSETS

At December 2019 and 2020, financial assets at fair value through OCI comprise the investment in Digital Illustrate Inc., a Korean UV printer manufacturer. The Group owns 15% of the shares of this company. This investment is carried at fair value, being the quoted price on the stock exchange with changes in fair value booked in OCI.
The Group designated this investment as at FVOCI because this represents an investment that the Group intends to hold for the long term for strategic purposes. During 2020, no dividends have been received (2019: 0.2 million Euro).

During 2020, the financial assets at amortized cost have increased by 9 million Euro as a result of the issuance of a Borrower's promise to pay related to the sale of the Branchburg site. This promise to pay matures in July 2021 and bears an interest rate of 3.5% per annum.

MILLION EURO	2019	2020
Financial assets at fair value through OCI - Equity instruments	6	5
Financial assets at amortized cost	2	11
TOTAL	**8**	**16**

31. RECEIVABLES UNDER FINANCE LEASES

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. These receivables amounted to 98 million Euro as of December 31, 2020 (2019: 98 million Euro) and will bear interest income until their maturity dates of 9 million Euro (2019: 9 million Euro).
As of December 31, 2020, the impairment losses on the receivables under finance leases amounted to 2 million Euro (2019: 2 million Euro).

The receivables under finance leases can be presented as follows:

MILLION EURO	2019 Total future payments	2019 Unearned interest income	2019 Present value	2020 Total future payments	2020 Unearned interest income	2020 Present value
Not later than one year	39	4	35	34	4	31
Year +2	26	3	23	26	2	23
Year +3	18	1	17	20	2	19
Year +4	12	1	12	14	1	13
Year +5	7	-	6	6	-	6
Later than five years	4	-	4	5	-	4
TOTAL MINIMUM LEASE PAYMENTS	**106**	**9**	**97**	**105**	**9**	**96**
Unguaranteed residual value	1	-	1	2	-	2
TOTAL	**107**	**9**	**98**	**107**	**9**	**98**
Impairment losses			(2)			(2)
Receivables under finance lease			96			96

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.) and via Agfa sales organizations in New Zealand, Australia and South-Africa.

At the inception of the lease, the present value of the minimum lease payments generally amounts to at least 90% of the fair value of the leased assets.

The major part of the leases concluded with Agfa Finance typically run for a non-cancellable period of four years. The contracts generally include an option to purchase the leased equipment after that period at a price that generally lies between 2% and 5% of the gross investment at the inception of the lease.

Sometimes, the fair value of the leased asset is paid back by means of a purchase obligation for consumables at a value higher than its market value, in such a way that this mark-up is sufficient to cover the amount initially invested by the lessor.

In these types of contracts, the mark-up and or the lease term can be subject to change.

Agfa Finance offers its products via its subsidiaries in France and Italy and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries), via Agfa Finance Corp. in the US and Agfa Finance Inc. in Canada. As of December 31, 2020, the present value of the total future lease payments before impairment losses for Agfa Finance amounted to 97 million Euro (2019: 98 million Euro).

Agfa sales organizations in Australia, New Zealand and South-Africa offer customer financing of graphical equipment with an average remaining term of 12 months. As of December 31, 2020, the present value of the total future lease payments before impairment losses for these sales organizations are 1 million Euro (2019: less than 0.5 million Euro).

During 2020, the Group hasn't sold any receivables under finance lease (2019: 0.5 million Euro).

32. INVENTORIES

MILLION EURO	2019	2020
Raw materials and auxiliaries	66	56
Work in progress and semi-finished goods	103	103
Finished goods	33	28
Goods purchased for resale including spare parts	224	190
Inventory in transit and other inventory	10	11
TOTAL	**436**	**389**

In 2020, inventories are written down to net realizable value for an amount of 12 million Euro (2019: 16 million Euro). These write-downs relate to obsolete, damaged or expired inventory.

The cost of those inventory items has been fully written down. As a consequence, the Group has no inventory carried at fair value less cost to sell at December 31, 2020.

Write-downs of inventories are included in cost of sales in the consolidated statement of profit or loss.

33. OTHER RECEIVABLES

Other receivables can be presented as follows:

MILLION EURO	2019	2020
Other receivables		
Uninstalled leases [1]	7	5
Payroll receivables	1	1
Other receivables	7	3
TOTAL	**15**	**9**

(1) Leased equipment not yet installed at the client's premises.

34. CASH AND CASH EQUIVALENTS

The reconciliation of cash and cash equivalents with its corresponding items in the statement of financial position can be presented as follows:

MILLION EURO	2019	2020
Cash on hand, demand deposits and checks	107	585
Other cash on hand, demand deposits and checks	**107**	**585**
Total cash and cash equivalents as reported in the consolidated statement of financial position	**107**	**585**
Bank overdrafts (reported under current loans and borrowings)	(9)	-
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**99**	**585**

35. NON-CURRENT ASSETS HELD FOR SALE

The non-current assets, classified as held for sale, relate to the planned sale of the site of two closed offset printing plate factories, one in Leeds UK and one in Vallese Italy, both belonging to the Offset Solutions segment. The sale of these assets is planned in next year. Related land, buildings and infrastructure are measured at their carrying amount at December 31, which is lower than the fair value less costs to sell.
The site in Branchburg US, classified as held-for-sale in 2019 was successfully sold in 2020 with a gain amounting to 8 million Euro (see Note 9.1 'Other operating income').

36. OTHER ASSETS

Other non-current and current assets can be presented as follows:

MILLION EURO	2019	2020
Non-current		
Multi year service contracts (strategic suppliers)	4	2
Prepayments (see Note 46.2 'Other related party transactions')	19	14
Total non-current	**24**	**16**
Current		
Multi year service contracts (strategic suppliers)	12	10
Advances on costs	1	1
Guarantees and deposits	5	4
Prepayments	3	3
Other	-	-
Total current	**21**	**18**
TOTAL	**45**	**34**

EQUITY AND LIABILITIES

37. EQUITY

The various components of Equity and the changes therein from January 1, 2019 to December 31, 2020 are presented in the Consolidated Statements of Changes in Equity.

37.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2020 and 2019, the issued capital of the Company amounts to 187 million Euro, represented by 171,851,042 fully paid shares. The outstanding ordinary shares amount to 167,751,190. Holders of these shares are entitled to dividends as declared and are entitled to one vote per share at general meetings of the Company.

37.2 RESERVE FOR OWN SHARES

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At December 31, 2020, the Group held 4,099,852 (2019: 4,099,852) of the Company's shares.

37.3 REVALUATION RESERVE

The revaluation reserve comprises the revaluation of the Group's investment in Digital Illustrate Inc. which is irrevocably designated at fair value through OCI and will subsequently not be recycled to profit or loss.

37.4 HEDGING RESERVE

As of December 31, 2020, the hedging reserve comprises the effective portion of the cumulative net change in fair value of metal swap agreements and foreign exchange contracts designated as cash flow hedges.

During 2020 and 2019, the Group concluded a number of metal swap agreements with an investment bank. These swap agreements have been designated as 'cash flow hedges'; hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of commodities. It relates to commodity contracts that were entered into and continue to be held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements.
The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in other comprehensive income (December 31, 2020: 4 million Euro, net of tax, December 31, 2019: minus 3 million Euro).

In the course of 2020 and 2019, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months. The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in other comprehensive income (December 31, 2020: 2 million Euro net of tax, December 31, 2019: 0 million Euro).

A reconciliation of hedge reserve in tabular format for each type of risk is provided in Note 21.4.

37.5 REMEASUREMENT OF THE NET DEFINED BENEFIT LIABILITY

Remeasurements of the net defined benefit liability comprise both the impact of the first time adoption of the 2011 amendment of IAS 19 and all subsequent remeasurements of the net defined benefit liabilities. Remeasurements of the net defined benefit liability primarily relate to actuarial gains and losses and return on plan assets, excluding the amounts included in net interest on the net defined benefit liabilities.

The evolution for the year 2020 is as follows:

MILLION EURO	December 31, 2019	Remeasurement of the net defined benefit liability	Reclass of remeasurements on the defined benefit liability to retained earnings related to entities divested	Tax impact	**December 31, 2020**
		Note 13		Note 17.4	
Remeasurement of the net defined benefit liability					
Related to material countries	(998)	(101)	2	3	(1,093)
Related to non-material countries	(29)	(2)	2	-	(29)
TOTAL	**(1,027)**	**(102)**	**4**	**3**	**(1,122)**

The movement of the year, net of tax amounts is a decrease of 95 million Euro. Deferred taxes related to the effects of remeasurements are also recognized in other comprehensive income. The tax effect is further explained in Note 17.4.
The remeasurement adjustments related to the entities divested to the Dedalus Group have been reclassed to retained earnings (4 million Euro).

37.6 TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of financial instruments that hedge the Company's net investment in a foreign subsidiary.

Until May 2016, the Group utilized forward exchange contracts to hedge the foreign currency exposure of the Group's net investment in one of its subsidiaries in the United States. As from May 2016, the Group has revoked the designation of the hedge. The gain on the hedging instrument relating to the effective portion of the hedge that was recognized in Other comprehensive income (December 31, 2020: 10 million Euro, December 31, 2019: 10 million Euro) shall be reclassified from equity to profit or loss on the disposal of the foreign operation.

37.7 DIVIDENDS

For 2019, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 14, 2019. For 2020, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 12, 2020. For 2021, no dividend has been recommended by the Board of Directors.

37.8 NON-CONTROLLING INTERESTS

Non-controlling interests have a material interest in nine subsidiaries of the Group in greater China and the ASEAN region (December 31, 2020: 49 million Euro; December 31, 2019: 46 million Euro). In Europe, there are a few subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group (December 31, 2020: 1 million Euro; December 31, 2019: 1 million Euro).

In greater China and the ASEAN region, the Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing the market position in the greater China and the ASEAN region. Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.

During 2019, the Group has transferred two subsidiaries to Agfa Graphics Asia Ltd., the holding company of the combined operations, which increased the non-controlling interests with 1 million Euro.

In 2019, Agfa Graphics Asia has established a new company, Agfa HuaGuang (Shanghai) Graphics Ltd., in which Lucky HuaGuang Graphics Co., Ltd. has a 49% stake, which increased the non-controlling interest by 2 million Euro.

The subsidiaries of Agfa Graphics Asia Ltd. at December 31, 2020 are

- Agfa (Wuxi) Printing Plate Co., Ltd.
- Agfa ASEAN Sdn. Bhd.
- Agfa Imaging (Shenzhen) Co., Ltd.
- Agfa Singapore Pte. Ltd.
- Agfa Taiwan Co., Ltd.
- Agfa Graphics Shanghai Co., Ltd.
- Agfa Pty Ltd.
- OOO Agfa Graphics
- Agfa HuaGuang (Shanghai) Graphics

Based on the current governance structure, the Group has determined that it has control over these subsidiaries. At December 31, 2020, the accumulated amount of non-controlling interests attributable to Shenzhen Brother Gao Deng Investment Group Co., Ltd. and Lucky HuaGuang Graphics Co., Ltd. amounts to 42 million Euro. The profit allocated to non-controlling interests of these business partners amounts to 7 million Euro.

The following table summarizes the information relating to the companies in which the business partner Shenzhen Brother Gao Deng Investment Group has a non-controlling interest of 49%, and information relating to the non-controlling interest in the company Agfa HuaGuang (Shanghai) Graphics. This company was newly established in 2019 by Agfa Graphics Asia, in which the Group has a stake of 51% and by Lucky HuaGuang Graphics Co. The latter holds a stake of 49% in this newly established company which brings the share in this newly established company belonging to minority shareholders to 73.99%.
The information provided is before intercompany eliminations with other companies of the Agfa-Gevaert Group.

	2019		**2020**	
MILLION EURO	Agfa Graphics Asia Ltd. and subsidiaries (49%)	Agfa HuaGuang Graphics (73.99%)	**Agfa Graphics Asia Ltd. and subsidiaries (49%)**	**Agfa HuaGuang Graphics (73.99%)**
Current assets	72	42	75	45
Non-current assets	70	-	55	1
Current liabilities	52	38	35	41
Non-current liabilities	3	-	2	-
Net assets Agfa Graphics Asia Ltd. and its subsidiaries (consolidated)	87	4	**94**	**5**
Carrying amount of non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	43	-	***46***	-
Carrying amount of non-controlling interests in Agfa HuaGuang Graphics (73.99%)	-	3	-	***3***
Revenue	147	61	137	117
Profit for the year	11	-	11	3
Profit allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	5	-	**5**	**-**
Profit allocated to non-controlling interests in Agfa HuaGuang Graphics Asia (73.99%)	-	-	**-**	**2**
Other comprehensive income: translation differences	1	-	(2)	-
Other comprehensive income allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	-	-	**-**	**-**
Total comprehensive income allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	5	-	**3**	**-**
Total comprehensive income allocated to non-controlling interests in Agfa HuaGuang Graphics (73.99%)	-	-	**-**	**2**
Cash flows from operating activities	8	-	5	1
Cash flows from investing activities	(18)	-	-	-
Cash flows from financing activities	10	2	4	(1)
Dividends paid to non-controlling interests during the year (1)	-	-	**-**	**-**

(1) Included in cash flows from financing activities.

37.9 OTHER COMPREHENSIVE INCOME, NET OF TAX

2019

MILLION EURO	Attributed to owners of the Company					Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	**TOTAL**		
Exchange differences on translation of foreign operations	7	-	-	-	**7**	-	7
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(7)	-	-	**(7)**	-	(7)
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	3	-	-	**3**	-	3
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	14	-	-	**14**	-	14
Net change in fair value of equity investments through OCI	-	-	(1)	-	**(1)**	-	(1)
Remeasurement of the net defined benefit liability, net of tax	-	-		(131)	**(131)**	-	(131)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**7**	**10**	**(1)**	**(131)**	**(115)**	**-**	**(115)**

2020

MILLION EURO	Attributed to owners of the Company					Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	TOTAL		
Exchange differences on translation of foreign operations	(37)	-	-	-	**(37)**	(2)	(39)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	5	-	-	**5**	-	5
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	(1)	-	-	**(1)**	-	(1)
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	6	-	-	**6**	-	6
Net change in fair value of equity investments through OCI	-	-	(1)		**(1)**	-	(1)
Remeasurement of the net defined benefit liability, net of tax	-	-	-	(99)	**(99)**	-	(99)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(37)**	**10**	**(1)**	**(99)**	**(127)**	**(2)**	**(129)**

38. LOANS AND BORROWINGS

MILLION EURO	2019	**2020**
Non-current liabilities	**225**	**54**
Revolving credit facility	149	-
Lease liabilities	75	54
Current liabilities	**101**	**29**
Liabilities to banks	56	3
Debentures	-	-
Bank overdrafts	9	-
Lease liabilities	37	25
TOTAL LOANS AND BORROWINGS	**326**	**83**

38.1 REVOLVING CREDIT FACILITY

In 2015, the Company renegotiated a revolving credit facility with a notional amount of 400 million Euro having a maturity date July 2021. In general, drawdowns under these lines are made for short periods, but the Group has the discretion to rollover the liability under the existing committed loan agreement. These loan facilities are unsecured.

In the revolving credit facility agreement, it is stipulated that in the event of a divestment, the credit facility would be decreased by 66% of the proceeds received over a certain threshold. By consequence, the notional amount of this credit facility has been decreased to 270 million Euro.

At December 31, 2020, there were no drawdowns under this facility (2019: 149 million Euro).

The split over the relevant periods is as follows:

MILLION EURO	Notional amount		Outstanding amount		Currency	Interest rate	
Maturity date	2019	**2020**	2019	**2020**		2019	**2020**
2021	400	270	149	-	EUR	1.3%	-
TOTAL	**400**	**270**	**149**	**-**			

38.2 LEASE LIABILITIES

The group mainly leases buildings (such as office buildings and warehouses), company cars, other transportation equipment (such as forklifts), and other equipment (such as IT equipment).
Building leases include both annually renewable contracts with options to renew the lease as well as leases with longer fixed lease terms. The lease liability relating to building leases amounts to 53 million Euro or approximately 67% of the Group's lease liability, and has an average estimated remaining lease term of 3 years.
Company car leases typically run for a period of 4 to 5 years and represent approximately 28% of the Group's lease liability.
Other leases represent less than 3% of the Group's lease liability and include forklifts, printers, packaging systems, etc.
Lease liabilities are payable as follows:

MILLION EURO	2019		**2020**	
Maturing	Outstanding amount	Incremental borrowing rate	Outstanding amount	Incremental borrowing rate
< 1 year	37	3.6%	25	3.2%
Between 1-5 years	64	3.7%	49	3.5%
> 5 years	11	4.4%	5	4.3%
TOTAL	**112**		**79**	

Lease liabilities do not comprise costs for low value leases, short-term leases and other out of scope costs, amounting to 10 million Euro in total (2019 Re-presented: 13 million Euro).

38.3 LIABILITIES TO BANKS

Liabilities to banks comprise at December 31, 2020, short-term facilities mainly in LATAM countries with a weighted average interest rate of 10%.

38.4 DEBENTURES

During 2019, the bond that was originally issued by the Company in May 2005 and tendered into an exchange offer in 2014, was repaid by the Company. The outstanding amount that was repaid during 2019, amounted to 42 million Euro.

38.5 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

MILLION EURO	Balance at January 1, 2020	Cash flows from financing activities		Non-cash changes					Balance at December 31, 2020
		Interests paid [3]	Net repayment/ proceeds of borrowings	New lease contracts	Effect of changes in foreign exchange rate	Revaluation of lease contracts	Interest expense on loans and borrowings	Divestment	
Revolving credit facility	149	-	(150)	-	-	-	-	-	-
Liabilities to banks	56	(6)	(50)	-	(1)	-	6	-	3
Debentures	-	-	-	-	-	-	-	-	-
Lease liabilities	112	-	(34)[1]	23	(3)	1	2	(23)	79
Bank overdrafts [2]	9	-	(8)	-	-	-	-	-	-
Total Loans and borrowings	**326**	**(6)**	**(242)**	**23**	**(4)**	**1**	**8**	**(23)**	**83**

(1) Comprises intrests paid (2 million Euro).

(2) Movement in bank overdraft is comprised in movement of cash and cash equivalents in cash flow statement.

(3) Interests paid in cash flow statement comprises interests paid on net financial debt (6 million Euro) and interests paid and on cash and cash equivalents (1 million Euro).

39. PROVISIONS

As of December 31, 2020, provisions amounted to 79 million Euro (2019: 50 million Euro).

MILLION EURO	Environmental	Trade-related	Restructuring	Other	TOTAL
Provisions at December 31, 2019	**3**	**25**	**12**	**9**	**50**
Provisions made during the year	1	-	77	1	**78**
Provisions used during the year	-	(2)	(33)	(1)	**(37)**
Business combinations divestment	-	(9)	-	-	**(9)**
Provisions reversed during the year	-	(2)	-	-	**(2)**
Exchange differences	-	(1)	-	(1)	**(2)**
Transfers	-	1	-	-	**1**
Provisions at December 31, 2020	**3**	**12**	**55**	**9**	**79**

Provisions for environmental protection relate to future re-landscaping, landfill modernization and the remediation of land contaminated by past industrial operations.

Provisions for trade-related commitments at closing date and related flows during the year primarily comprise commissions to agents, warranty provisions and commercial litigations.

Provisions for restructuring mainly comprise employee related costs. Most of the additions for this year refer to employee termination costs and result from the closure of our Offset plate factories in Leeds (UK) and Pont-à-Marcq (France) and the announced reorganization of our activities of our Computed Radiography equipment factories in Peissenberg and Peiting (Germany).
Other current provisions comprise a provision for dismantling of the Offset production site in Germany, legal claims (including lawyer fees) and a legal claim regarding import duties.

40. OTHER PAYABLES

The other payables at December 31, 2020, amounting to 8 million Euro (2019: 9 million Euro) comprise a liability mandatorily measured at fair value through profit or loss (2020: 3 million Euro, 2019: 2 million Euro) related to a deposit of 3.4 ton silver placed by a metal recovery and refining company valued at the quoted market price, a dividend payable to non-controlling interests (1 million Euro) and some interest accruals and other various amounts payable.

41. OTHER LIABILITIES

The other liabilities current and non-current at December 31, 2020, amounting to 2 million Euro (2019: 3 million Euro) comprises the unearned portion of government grants and subsidies.

LIST OF SUBSIDIARIES

42. INVESTMENTS IN SUBSIDIARIES

The ultimate parent of the Group is Agfa-Gevaert NV (BE 0404 021 727), Mortsel (Belgium). The Company is the parent company for the following significant subsidiaries.

Consolidated companies, December 31, 2020		
Name of the company	Location	Effective interest %
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	51
Agfa (Wuxi) Imaging Co., Ltd.	Wuxi/PR China	99.16
Agfa (Wuxi) Printing Plate Co. Ltd.	Wuxi/PR China	51
Agfa ASEAN Sdn. Bhd.	Kuala Lumpur/Malaysia	51
Agfa Corporation	Elmwood Park/United States of America	100
Agfa de Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa Finance Corp.	Wilmington/United States of America	100
Agfa Finance Inc.	Toronto/Canada	100
Agfa Finance Italy SpA	Milan/Italy	100
Agfa Finance NV	Mortsel/Belgium	100
Agfa Graphics Argentina S.A.	Buenos Aires/Argentina	100
Agfa Graphics Asia Ltd.	Hong Kong/PR China	51
Agfa Graphics Ecuador CIA. LTDA	Quito/Ecuador	100
Agfa Graphics Ltd.	Leeds/United Kingdom	100
Agfa Middle East FZCO	Dubai/United Arab Emirates	100
Agfa NV	Mortsel/Belgium	100
Agfa Graphics S.r.l.	Milano/Italy	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Scoresby/Australia	100
Agfa HealthCare Brasil Importacao e Servicos Ltda.	Sao Paulo/Brazil	100
Agfa HealthCare Chile Ltda.	Santiago de Chile/Chile	100
Agfa HealthCare Colombia Ltda.	Bogota/Colombia	100
Agfa HealthCare Corporation	Greenville/United States of America	100
Agfa HealthCare Denmark A/S	Virum/Denmark	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100

Agfa HealthCare Germany GmbH	Düsseldorf/Germany	100
Agfa HealthCare Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Hungary Kft.	Budapest/Hungaria	100
Agfa HealthCare Inc.	Mississauga/Canada	100
Agfa HealthCare India Private Ltd.	Thane/India	100
Agfa HealthCare Luxembourg S.A.	Bertrange/Luxemburg	100
Agfa HealthCare Malaysia Sdn. Bhd.	Kuala Lumpur/Malaysia	100
Agfa HealthCare Mexico S.A. de C.V.	Mexico D.F./Mexico	100
Agfa HealthCare Norway AS	Oslo/Norway	100
Agfa HealthCare NV	Mortsel/Belgium	100
Agfa HealthCare Saudi Arabia Company Limited LLC	Riyadh/Saudi Arabia	100
Agfa HealthCare (Shanghai) Co. Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore/Republic of Singapore	100
Agfa HealthCare South Africa Pty. Ltd.	Gauteng/Rep. of South Africa	100
Agfa HealthCare Spain S.A.U.	Barcelona/Spain	100
Agfa HealthCare Sweden AB	Kista/Sweden	100
Agfa HealthCare UK Limited	Brentford/United Kingdom	100
Agfa Imaging (Shenzhen) Co. Ltd.	Shenzhen/PR China	51
Agfa Inc.	Mississauga/Canada	100
Agfa Industries Korea Ltd.	Seoul/Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States of America	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa Scots Ltd.	Edinburgh/United Kingdom	100
Agfa Singapore Pte. Ltd.	Singapore/Republic of Singapore	51
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	51
Agfa-Gevaert A.E.B.E.	Athens/Greece	100
Agfa-Gevaert Aktiengesellschaft für Altersversorgung	Düsseldorf/Germany	100
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/the Netherlands	100
Agfa-Gevaert Colombia Ltda.	Bogota/Colombia	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100
Agfa-Gevaert Graphic Systems GmbH	Düsseldorf/Germany	100
Agfa-Gevaert HealthCare GmbH	Düsseldorf/Germany	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Scoresby/Australia	100
Agfa-Gevaert Limited	Brentford/United Kingdom	100
Agfa-Gevaert Ltda.	Santiago De Chile/Chile	100
Agfa-Gevaert GmbH	Düsseldorf/Germany	100
Agfa-Gevaert NZ Ltd.	Auckland/New Zealand	100
Agfa-Gevaert S.A.S.	Pont-à-Marcq/France	100
Agfa-Gevaert S.p.A.	Milan/Italy	100
Lastra Attrezzature S.r.l	Manerbio/Italy	60

Litho Supplies (UK) Ltd.	Derby/United Kingdom	100
Luithagen NV	Mortsel/Belgium	100
New ProImage America Inc.	Princeton/United States of America	100
New ProImage Ltd.	Netanya/Israel	100
OOO Agfa Graphics	Moscow/Russian Federation	51
OOO Agfa	Moscow/Russian Federation	100
Agfa HealthCare Kazakhstan LLP	Almaty/Republic of Kazakhstan	100
Agfa HealthCare Ukraine LLC	Kyiv/Ukraine	100
PT Gevaert-Agfa HealthCare Indonesia	Jakarta/Indonesia	100
Bodoni Systems	Watford/United Kingdom	100
Agfa HealthCare Middle East FZ-LLC	Dubai/United Arab Emirates	100
Agfa HealthCare IT UK Limited	Middlesex/United Kingdom	100
Agfa South Africa (Pty) Ltd.	Gauteng/Rep. of South Africa	100
Agfa Australia Pty Ltd.	Scoresby/Australia	100
Agfa Canada Inc.	Mississauga/Canada	100
Agfa US Corp.	Greenville/United States of America	100
IPAGSA Technologies S.L.U.	Barcelona/Spain	100
Agfa Graphics Shanghai Co. Ltd.	Shanghai/PR China	51
Agfa HealthCare IT (Shanghai) Co. Ltd.	Shanghai/PR China	100
Agfa Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Vietnam Co. Ltd.	Ho Chi Minh City/Vietnam	100
IPAGSA (Shanghai) Printing Materials Co. Ltd.	Shanghai/PR China	100
Agfa HuaGuang (Shanghai) Graphics Equipment Ltd.	Shanghai/PR China	26.01
Agfa Alterssicherungs-AG	Düsseldorf/Germany	100

43. EQUITY ACCOUNTED INVESTEES

During 2020, equity accounted investees have been divested to the Dedalus Group.

OTHER INFORMATION

44. OPERATING LEASES

Within the segment HealthCare IT, the Group offers Software as a Service ('SaaS') which are offsite, onsite or hybrid models under which software, hardware and services are offered to the customer on a pay-per-use basis or a monthly/annual fee basis. The Group guarantees the management of the system over the contract period, and provides daily technical operations, maintenance and support to the customer. These contracts can comprise an operating lease component. The lease income related to this component amounted to 6 million Euro during 2020 (2019: 6 million Euro) and was recognized in revenue based upon use/consumption by the client.
The Group moreover offers 'bundle deals' whereby equipment usage is financed by an uplift on consumables purchased by the customer. An operating lease component can be embedded in these type of contracts. The operating lease component is recognized in revenue based on the consumables purchase.

The total of assets in operating lease contracts recognized in the statement of financial position at December 31, 2020 amount to 5 million Euro (December 31, 2019: 11 million Euro) (see Note 28).

45. COMMITMENTS AND CONTINGENCIES

45.1 CONTINGENCIES

Contingencies resulted entirely from commitments given to third parties and comprise:

MILLION EURO	2019	2020
Bank guarantees	37	34
Other	1	-
Corporate guarantees	407	224
TOTAL	**445**	**258**

Corporate guarantees mainly relate to guarantees given by the parent company on behalf of its subsidiaries towards banks and mainly relate to the revolving credit facility (see Note 38.1) and other negotiated credit lines.

There are no purchase commitments in connection with major capital expenditure projects for which the respective contracts have already been awarded or orders placed.

45.2 LEGAL RISKS/CONTINGENCIES

The Group is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency.

AgfaPhoto

In connection with the divestment of the Consumer Imaging business of Agfa-Gevaert AG and certain of its subsidiaries, the Group entered into various contractual relationships with AgfaPhoto Holding GmbH, AgfaPhoto GmbH and their subsidiaries in various countries (the 'AgfaPhoto group'), providing for the transfer of its Consumer Imaging business, including assets, liabilities, contracts and employees, to AgfaPhoto group companies.

Subsequent to the divestment, insolvency proceedings have been opened with respect to AgfaPhoto GmbH and a number of its subsidiaries in both Germany and other countries. The Group had been sued through lawsuits or other actions in various countries in connection with a number of disputes. Those disputes have been resolved, with the exception of the following dispute.
With respect to that divestment, the insolvency receiver of AgfaPhoto GmbH initiated various arbitration proceedings before the ICC International Court of Arbitration in Paris. In the last arbitration proceeding that was still pending, the receiver claimed damages suffered as a result of, inter alia, the alleged undercapitalization of AgfaPhoto GmbH and the alleged causation of the insolvency of AgfaPhoto GmbH. The ICC Tribunal issued a final award on May 31, 2018, through which it dismissed all of the insolvency receiver's claims, and ordered him to reimburse to Agfa a very substantial part of the costs that Agfa incurred in that arbitration proceeding.
The insolvency receiver filed a request for the annulment of that final award before a German court ('Oberlandesgericht Frankfurt/Main' of 'OLG') in October 2018. By judgement of January 16, 2020, the OLG declared the annulment of the final award of May 31, 2018. The concerned Agfa companies appealed this judgement before the 'Bundesgerichtshof' (BGH). The BHG confirmed the judgement of the OLG by decision of November 26, 2020 which was communicated to Agfa on January 20, 2021. After further analysis, the concerned Agfa-companies concluded that they would not appeal this decision before the German Federal Constitutional Court ('Bundesverfassungsgericht'). Consequently, the final award of May 31, 2018 has been set aside definitively and the insolvency receiver of AgfaPhoto GmbH indicated his desire to pursue his claim(s). The Group will vigourously defend itself in any new procedure.

Other

Further legal risks for the Group exist with regard to a dispute with a former distributor of the Group's products in Bolivia who claims compensation for breach of contract. The Group believes it has meritorious defenses in this lawsuit and is defending itself vigorously.

46. RELATED PARTY TRANSACTIONS

46.1 TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE MANAGEMENT (KEY MANAGEMENT PERSONNEL)

Key management personnel compensation (excluding employer's social contribution) included in profit or loss can be detailed as follows:

MILLION EURO	2019		**2020**	
	Directors	Executive Management	**Directors**	**Executive Management**
Short-term employee benefits	0.6	4.2	0.5	7.9
Termination benefits	-	-	-	1.6
Post-employment benefits	-	0.2	-	0.2
Share-based payment	-	-	-	-
TOTAL	**0.6**	**4.4**	**0.5**	**9.7**

As of December 31, 2020, there were no loans outstanding neither to members of the Executive Management nor to members of the Board of Directors.

Pension provisions for members and retired members of the Executive Management, amounting to 16 million Euro, are reflected in the statement of financial position of the Group at December 31, 2020. Key management personnel remuneration is also included in the Remuneration Report see pages 264-270.

46.2 OTHER RELATED PARTY TRANSACTIONS

Transactions with related companies are mainly trade transactions.

The Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing both partners' market position in Greater China and ASEAN region.

Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties. In 2019, the Group transferred two subsidiaries to Agfa Graphics Asia Ltd. Also in 2019, Agfa Graphics Asia established a new company, Agfa HuaGuang (Shanghai) Graphics, in which a new business partner Lucky HuaGuang Graphics Co., Ltd. participated for 49%. This strategic alliance should allow both business partners to realize growth through the optimization of their respective strengths in the field of manufacturing, technology and distribution of graphics prepress products and services. See also Note 37.8 'Non-controlling interests.'

The following table summarizes the transaction values and the outstanding balances between the Group and its related parties Shenzhen Brother Gao Deng Investment Group Co., Ltd. and Lucky HuaGuang Graphics Co., Ltd. In the course of 2019, Shenzhen Brother Gao Deng Investment Group Co., Ltd. received a dividend of 0.3 million Euro (49%). In the course of 2020, Lucky HuaGuang Graphics Co., Ltd. was entitled to a dividend of 1 million Euro, which will be paid in 2021.

MILLION EURO	Transaction value for the year ended December 31		Balance outstanding at December 31	
	2019	**2020**	2019	**2020**
Sales to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	22	37	4	1
Sales to Lucky HuaGuang Graphics Co., Ltd.	7	10	1	2
Purchases from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	78	75	2	6
Purchases from Lucky HuaGuang Graphics Co., Ltd.	68	104	28	31
Dividend	0.3	1	-	1
Prepayment	26	-	24	14

Prepayments with an outstanding balance of 14 million Euro relate to supplier advances against companies of the Shenzhen Brother Gao Deng Group for whose account the film conversion takes place and from whom aluminum is bought.
The advance is amortized based upon future film volumes supplied to Agfa Graphics Asia Ltd. The outstanding amount of 14 million Euro is recognized as Other assets (see Note 36).

47. EVENTS SUBSEQUENT TO DECEMBER 31, 2020

On March 5, 2021, Agfa-Gevaert NV has closed a three year multi-currency revolving credit facility of 230 million Euro. This new facility is unsecured and will run until March 2024. However, the agreement provides for an extension of the term of two times one year. The new revolving credit facility will be used for general corporate purposes. The applicable interest rate is Euribor, Libor or its equivalent replacement benchmark rate (Reuters) and a margin.

On March 10, 2021, the Group has announced a share buyback program with a volume of up to 50 million Euro. The program allows shareholders to benefit from the sale of part of the HealthCare IT activities and shows the Group's confidence in its ongoing transformation process.

48. INFORMATION ON THE AUDITOR'S ASSIGNMENTS AND RELATED FEES

The following fees for the services of KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises were recognized as an expense:

Euro	2019	**2020**
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	**784,851**	**781,516**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	373,051	142,606
Tax	-	-
Other non-audit	-	-
SUBTOTAL	**1,157,902**	**924,122**
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	**1,102,348**	**716,789**
Fees for non-audit services rendered by the independent auditor's network to the Group (Belgian and foreign operations)		
Other attestation	65,038	48,751
Tax	82,658	40,604
Other non-audit	1,522,862	190,965
SUBTOTAL	**2,772,906**	**997,110**
TOTAL	**3,930,808**	**1,921,232**

The fees for the auditing of financial statements comprise those for the audits of the consolidated financial statements of the Agfa-Gevaert Group and the financial statements of its subsidiaries in Belgium and abroad. Other non-audit fees mainly relate to advice and due diligence assistance.

ACCOUNTING POLICIES

49. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Non-derivative financial instruments at fair value through profit or loss (FVTPL) are measured at fair value;
- Debt and equity instruments at FVOCI are measured at fair value;
- Contingent consideration assumed in a business combination is measured at fair value;
- Liabilities for cash-settled shared-based payments arrangements are measured at fair value;
- Plan assets attributable to the Company's defined benefit retirement plans and other post-employment benefit plans are measured at fair value; and
- DBO attributable to defined benefit plans are measured using the projected unit credit method.

50. SIGNIFICANT ACCOUNTING POLICIES

50.1 BASIS OF CONSOLIDATION

50.1.1 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control is the power over the entity, i.e. the right that gives the Company the ability to direct the relevant activities of related entity, and is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
Goodwill is not amortized but tested for impairment on an annual basis and whenever there is an indication that the cash-generating unit to which goodwill has been allocated may be impaired. The impairment testing process is described in the appropriate section of these policies. Goodwill is stated at cost less accumulated impairment losses. With respect to associates, the carrying amount of goodwill is included in the carrying amount of the investment.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; and if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Any contingent consideration payable is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration recognized as a liability are recognized in profit or loss.

Costs related to the acquisition are expensed as incurred.

50.1.2 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when an operation meets the criteria to be reclassified as held-for-sale.
When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation has been discontinued from the start of the comparative year.

50.1.3 Measurement of non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees identifiable net assets at the date of acquisition.

50.1.4 Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power over the entity, i.e. the right that gives the Company the ability to direct the relevant activities of related entity, and is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
The financial statements of a subsidiary are included in the consolidated financial statements from the acquisition date until the date when the parent ceases to control the subsidiary.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).
In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, shall be recognized in equity and attributed to the owners of the parent.

50.1.5 Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

50.1.6 Investments in associates

An associate is an entity in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. An investment in an associate is accounted for using the equity method from the date on which it becomes an associate and is recognized initially at cost. The cost of the investment includes transaction costs. On acquisition of the investment, any difference between the cost of the investment and the Company's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to an associate is included in the carrying amount of the investment;
- Any excess of the Company's share of the net fair value of the associate's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Company's share of the associate's profit or loss in the period in which the investment is acquired.

Elimination of unrealized profits and losses on transactions with associates

Profits and losses resulting from upstream and downstream transactions between the Company – included its consolidated subsidiaries – and an associate must be eliminated to the extent of the Company's interest in the associate.
Upstream transactions are, for example, sales of assets from an associate to the Company. Downstream transactions are, for example, sales of assets from the Company to an associate.

When an investment ceases to be an associate

From the date when the Company ceases to have significant influence over an associate, it accounts for related investment in accordance with IFRS 9 from that date. On the loss of significant influence, the Company measures at fair value any investment the Company retains in the former associate.

The Company recognizes in profit or loss any difference between:

- the fair value of any retained investment and any proceeds from disposing of the (partial) interest in the associate; and
- the carrying amount of the investment at the date when significant influence is lost.

Amounts recognized in OCI in relation to the associate or joint venture are accounted for on the same basis as would be required if the investee had disposed of the related assets and liabilities directly.

50.1.7 Jointly controlled entities and jointly controlled operations

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Depending upon the rights and obligations of the parties to the arrangement, the joint arrangement is classified either as a joint operation or a joint venture.

A. Joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

B. Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

The Group as joint venturer recognizes its interest in a joint venture as an investment that is accounted for using the equity method (see Note 50.1.6).

50.1.8 Transactions eliminated on consolidation

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

50.2 FOREIGN CURRENCY

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency.

50.2.1 Foreign currency transactions

All transactions in currencies other than the functional currency are foreign currency transactions. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- qualifying cash flow hedges to the extent that the hedges are effective.

Non-monetary assets and liabilities measured at historical cost that are denominated in foreign currencies are translated using the exchange rate at the date of the transaction.

50.2.2 Foreign operations

A foreign operation is an entity that is a subsidiary, associate, joint venture or branch of the Company, of which the activities are based or conducted in a currency other than the Euro.
The financial statements of foreign operations are translated for the purpose of the consolidation as follows:

- Assets and liabilities are translated at the closing rate;
- Income and expenses are translated at average year-to-date exchange rates; and
- Equity components are translated at historical rates, excluding current year movements, which are translated at rates approximating the rate at the time of the transaction.

All resulting exchange differences are recognized in other comprehensive income and accumulated in a separate component of equity being 'Translation reserve'. The amount attributable to any non-controlling interests is allocated to and recognized as part of non-controlling interests.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to non-controlling interests in that foreign operation. Any other partial disposal of a foreign operation – related to an associate, joint venture or branch of the Company – results in a reclassification to profit or loss of the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income.

A partial disposal of an entity's interest in a foreign operation is any reduction in an entity's ownership interest in a foreign operation, except for those reductions resulting in:

- the loss of control of a subsidiary;
- the loss of significant influence over an associate;
- the loss of joint control over a joint arrangement.

These reductions are accounted for as disposals resulting in a reclassification from other comprehensive income to profit or loss of the cumulative amount of the exchange differences relating to that foreign operation.

50.3 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognized according to the criteria set in IFRS 15 *Revenue from contracts with customers*.
In recognizing revenue from contracts with customers a five-step approach is to be applied: first the contract with the customer should be identified; then the distinct performance obligations in the contract should be identified; as a third step the transaction price should be determined; then the transaction price should be allocated to the distinct performance obligations in the contract; and finally revenue is recognized when the distinct performance obligation is satisfied. The standard moreover specifies whether revenue should be recognized at a certain point in time or over a period of time.
Revenue is recorded net of sales taxes, customer discounts and rebates.

The Group's policy distinguishes revenue from the sale of goods, the rendering of services and multiple-element arrangements.

Revenue from the sale of goods comprises revenue from the sale of consumables, chemicals, spare parts, standalone equipment and software licenses. Revenue from the rendering of services includes installation services, maintenance and post-contract support services. The Group also enters into arrangements combining multiple deliverables such as software, hardware/equipment and services, including training, maintenance and post-contract customer support, the 'multiple- element arrangements'. Freight charged to customers is recognized as revenue in the period.

A. Sale of goods

Revenue from the sale of goods is recognized when the customer obtains control of the goods and when it is probable that the agreed transaction price will be collected. In evaluating whether collectability is probable, the entity considers the customer's ability and intention to pay that amount when it is due. Revenue from the sale of goods is, under IFRS 15, recognized upon delivery following applicable freight terms, at a point in time.

Revenue from the sale of stand-alone software licenses is recognized at a point in time, at the delivery of the source key. The license is recognized at a point in time as the Group provides the customer access to and a right to use the intellectual property as it exists at a point in time.

In case volume discounts incentives are offered to the customer, the expected volume rebates are estimated based on historical experience. The amount of the variable consideration is made based on the most likely amount-method. The variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

B. Rendering of services

Under the IFRS 15 standard, revenue from maintenance contracts is recognized straight-line over the maintenance period as the customer simultaneously receives and consumes the benefits from the maintenance over time.

Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labor hours expended to date versus the estimated hours spend.

When in a service contract multiple services are offered, the total consideration is allocated to all services based on their stand-alone selling price.

C. Multiple-element arrangements

Multiple-element arrangements offer the customer a combination of several deliverables such as software, licenses, hardware, implementation services and maintenance and post-contract support services. For arrangements not requiring substantive customization of the software, each of aforementioned deliverable is assumed to qualify as a separate performance obligation.

The total arrangement fee is allocated to the distinct performance obligations based on the stand-alone selling prices of the performance obligations.

In case discounts are offered, a proportionate amount is allocated proportionally to each performance obligation based on their stand-alone selling price.

Within the HealthCare IT and Radiology Solutions business segments, most arrangements do not require significant customization of modification.

Revenue allocated to the hardware portion of the arrangement is recognized on delivery when it creates value to the customer on a stand-alone basis. Hardware is considered as a distinct performance obligation as there is no transformative relationship between the hardware and other components of the contract.

Revenue allocated to the software component is recognized after successful installation and acceptation at the client's premises. The software license is a distinct performance obligation as the customer can benefit from the license with readily available resources. The license is recognized at a point in time as the Group provides the customer access to and a right to use the intellectual property as it exists at a point in time.

Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labor hours expensed to date versus the estimated hours spend.

Extended warranty whereby the customer purchases additional warranty separately, i.e. warranty that is adding additional services on top of the legal warranty or for a longer period than legal warranty, is considered as a distinct performance obligation within multiple-element arrangements.

Revenue recognized for which no billing has yet occurred is recognized in the statement of financial position as contract assets and advance payments received for which no revenue has been recognized is presented as contract liabilities.

Within the Offset Solutions and Digital Print & Chemicals divisions, revenue from sale of equipment that require substantive installation activities is recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications. Installation services and equipment are considered highly interrelated and are identified as one performance obligation that is recognized at a point in time, i.e. at installation at the client's premises.

50.4 EMPLOYEE BENEFITS

For the accounting treatment of post-employment plans, IFRS distinguishes defined contribution plans and defined benefit plans. The classification depends on which party – Company or employee – bears the actuarial and investment risk. In case of a defined contribution plan, the employee bears all the risks and therefore the Company does not recognize a liability in its statement of financial position except for any unpaid contribution.
In case of a defined benefit plan, the Company bears the actuarial and investment risk and should consequently recognize a liability in its statement of financial position.

50.4.1 Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred.
They are allocated among functional costs: cost of sales, research and development expenses, selling and administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

50.4.2 Defined benefit plans

As from December 31, 2016, the accounting treatment for Belgian defined contribution plans with return guaranteed by law has been aligned with the accounting treatment of defined benefit plans.

A. Liabilities for post-employment benefits

For defined benefit plans, the amount recognized in the statement of financial position is determined as the present value of the defined benefit obligation less the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligations (DBO) and the service costs are calculated by a qualified actuary using the Projected Unit Credit (PUC) method. Under this method projected benefits that are payable each future year are discounted to the reporting date at the assumed interest rate. The resulting total benefit obligation is then allocated to past service, presenting the DBO and year-in-service, presenting the service cost. The assumed interest rate is the discount rate based on yields at reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. In determining the net present value of the future benefit entitlement for service already rendered (DBO), the Group considers future compensation and benefit increases. The DBO also comprises the present value from the effects of taxes payable by the plan on contributions or benefits relating to services already rendered.

More information about the application of the PUC method for Belgian defined contribution plans can be found hereafter.

B. Defined benefit cost recognized in profit or loss and 'Other comprehensive income'

The amount charged to profit or loss consists of current service cost, past service cost, gain or loss on settlement, net interest cost and administrative expenses and taxes. Current service costs as well as administrative expenses and taxes, which are borne by the employer(s) participating to the plan, are allocated among functional costs: cost of sales, research and development expenses, selling and general administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.
Past service cost and settlement gains (losses) are recognized immediately in profit or loss under 'Other operating income' or 'Other operating expense' when the plan amendment, curtailment or settlement occurs. Administrative expenses which are related to the management of plan assets and taxes directly linked to the return on plan assets – borne by the plan itself – are included in the return on plan assets and are recognized in 'Other comprehensive income, net of income taxes (OCI)'.
Net interest cost is recognized in profit or loss under 'Other finance expense'. It is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability. The net interest cost is broken down into interest income on plan assets and interest cost on the defined benefit obligation. The difference between the return on plan assets and the interest income on plan assets is included in line item 'Post-employment benefits: remeasurements of the net defined benefit liability' and recognized in 'Other comprehensive income, net of income taxes'. Next to the difference between the actual return and the interest income on plan assets, the line item 'Post-employment benefits: remeasurements of the net defined benefit liability' also comprises actuarial gains and losses resulting for example from an adjustment of the discount rate.

C. Defined contribution plans with return guaranteed by law

Belgian 'Defined contribution plans' are subject to the Occupational Pensions Act of April 2003. According to article 24 of this Act, affiliated persons are entitled to a guaranteed minimum return on contributions made by either the organizer of the plan or the employee. Some conditions in this law, such as the required level of minimum return, have been amended by the Act of December 18, 2015. Similar to the measurement of all other defined benefit plans, the net pension liability related to defined contribution plans with return guaranteed by law is calculated as the difference between the present value of the defined benefit obligation (DBO) and the fair value of the plan assets. As of December 31, 2016, the present value of the defined benefit obligation (DBO) and the service costs are calculated by a qualified actuary using the Projected Unit Credit (PUC) method. More information on the general principles of this method can be found under 'Liabilities for post-employment benefits'.

Within the Belgian Agfa-Gevaert Group entities, all insured plans guarantee a fixed return up to the retirement age (so-called Branch 21 insured products). Depending on the nature of the insured contract, the DBO has been determined with or without future contributions and their related minimum returns up to the retirement age or exit. For the Top Performance Plan no future contributions were considered, for all other 'Branch 21' insured products recurring contributions are paid and therefore considered in the actuarial calculation.

Similar to the Belgian DC-plans, the Group's Swiss DC-plans are accounted for as DB-plans under IAS 19.

In measuring the net liability related to Belgian and Swiss defined contribution plans with return guaranteed by law, the Group has applied paragraph 115 of IAS 19. Paragraph 115 states "Where plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits payable under the plan, the fair value of those insurance policies is deemed to be the present value of the related obligations" up to the guaranteed rate of the insurer. The application of this paragraph 115 implies a market valuation of the retirement age contractual insured benefit, which impacts both the assets to account for and the DBO. In terms of applying the methodology of paragraph 115, management believes that the DBO calculation should reflect that the employee is entitled to the higher of the actual accumulated reserves and the minimum reserves. Therefore, the DBO calculation reflects this plan characteristic for every event, being leaving before retirement or staying until retirement.

50.4.3 Termination benefits

Termination benefits are recognized as a liability and an expense when a Group company is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy and to the extent it is probable that the employees will accept the offer.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using a discount rate which is the yield at reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The interest impact of unwinding and re-measuring long-term termination benefits at adjusted discount rates at financial reporting date is reflected in profit or loss under 'Other finance expense' whereas the impact of increases and decreases of the Group's commitments are presented under 'Other operating expenses' – Restructuring expenses.

50.4.4 Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits, other than pension plans, post-employment life insurance and medical care, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate used is the yield at reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Unlike the accounting treatment of post-employment defined benefit plans, remeasurements of other long-term employee benefits are not reflected in other comprehensive income. Instead, the impact of remeasurements is recognized in profit or loss.

50.4.5 Current employee benefits

Current employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid within twelve months if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

50.4.6 Share-based payment transactions

The Group has cash-settled share-based payment transactions as it has granted a long-term variable compensation embedded in a Phantom Stock Option Plan to its CEO. This plan can result in an additional cash bonus.

In the established share-based payment transaction, the eligible person directly participates in changes in value of the underlying equity instrument, being the shares of Agfa-Gevaert NV and, accordingly, the cash payment is based on the price or value of the equity instrument.

Related share appreciation rights do not vest until the eligible person have completed a specified period of service. Therefore, the Company recognizes the services received, and a liability to pay for them, as the eligible person renders service during that period. The liability is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, and the extent to which the employees have rendered service to date. Changes in fair value are recognized in profit or loss. Both the cost recognized at initial measurement as well as the impact of changes in fair value are considered as employee benefit expenses. Black and Scholes is the applied option pricing model.

50.5 RESEARCH AND DEVELOPMENT EXPENSES

For accounting purposes, research expenses are defined as costs incurred for current or planned investigations undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development expenses are defined as costs incurred for the application of research findings or specialist knowledge to plans or designs for the production, provision or development of new or substantially improved products, services or processes, respectively, prior to the commencement of commercial production or use.

Research and development expenses are incurred in the Agfa-Gevaert Group for in-house research and development activities as well as numerous research and development collaborations and alliances with third parties.

Research and development expenses include, in particular, the running costs of the research and development departments such as personnel expenses, material costs and depreciation of fixed assets as well as the costs of laboratories, costs of applications development facilities, engineering departments and other departments carrying out research and development tasks, costs of contacts with universities and scientific institutes including expenses incurred for commissioned research and development work.

Research costs cannot be capitalized. The conditions for capitalization of development costs are closely defined: an intangible asset must be recognized if, and only if, there is reasonable certainty of receiving future cash flows that will cover an asset's carrying amount.

50.6 NET FINANCE COSTS

Interest income (expense) – net comprises interests receivable/payable in relation to items of the net financial debt position.
Net financial debt is defined as current and non-current loans and borrowings and lease liabilities less cash and cash equivalents.
Other finance income (expense) – net comprises:

- interest received/paid on other assets and liabilities not part of the net financial debt position such as the net interest cost of defined benefit plans and the interest component of long-term termination benefits;
- exchange results on non-operating activities;
- changes in the fair value of derivative instruments economically hedging non-operating activities;
- the ineffective portion of cash flow hedges hedging non-operating activities;
- impairment losses recognized on financial assets;
- results on the sale of marketable securities;
- change in contingent consideration from a business combination; and
- other finance income (expense).

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Dividend income is recognized in profit or loss on the date that the dividend is declared.
All interest and other costs incurred in connection with borrowings are expensed as incurred using the effective interest rate.

The interest expense component of lease payments is recognized in profit or loss using the effective interest rate method.

The net interest cost of defined benefit plans is determined by multiplying the net defined benefit liability by the discount rate that is used to measure the defined benefit obligation, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

The interest component of long-term termination benefits comprises the impact of unwinding the liability as well as the impact of the changed discount rate.

50.7 INCOME TAX AND OTHER TAX

Income tax on the profit (loss) for the year comprises taxes paid or accrued and deferred tax expense (income). Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income or if part of a business combination in which case it is recognized against goodwill.

In determining the amount of taxes paid or accrued and deferred tax expense (income), the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.
Other tax receivables and liabilities relate to other tax, such as VAT, property tax and other indirect taxes. They are carried at cost.
Both current and other tax receivables are offset against current tax liabilities, respectively other tax liabilities when they relate to taxes levied by the same taxation authority and are intended to be settled on a net basis and there is a legal right to offset.

50.7.1 Income taxes paid or accrued

Taxes paid or accrued are the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the

distribution of dividends are recognized at the same time as the liability to pay the related dividend.
Current income tax for current and prior periods are, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

50.7.2 Deferred tax

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
The following temporary differences are not provided for:

- taxable temporary differences on the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset in the statement of financial position if the entity has a legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity that intend to realize the asset and settle the liability at the same time.

50.8 GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

Intangible assets with indefinite useful lives, such as trademarks, are stated at cost less accumulated impairment losses.
Intangible assets with indefinite useful lives are not amortized. Instead, they are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired.

50.9 INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

50.9.1 Recognition and measurement

Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses.

Research and development costs are expensed as they are incurred, except for certain development costs, which are capitalized when it is probable that a development project will be a success, and certain criteria, including technological and commercial feasibility, have been met. Capitalized development costs are amortized on a systematic basis over their expected useful lives.

In accordance with IFRS 3 *Business combinations*, if an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date. The fair value of an intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the entity.

50.9.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

50.9.3 Amortization

Intangible assets with finite useful lives, such as acquired technology and customer relationships are amortized on a straight-line basis over their estimated useful lives, generally for periods ranging from five to 15 years. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

50.10 PROPERTY, PLANT AND EQUIPMENT

50.10.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period;
- capitalized borrowing costs.

For self-constructed assets, directly attributable costs are direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used in construction. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to construction and capitalized borrowing costs.

50.10.2 Subsequent expenditure

Expenses for the repair and maintenance of property, plant and equipment are usually expensed as incurred. They are, however, capitalized when they increase the future economic benefits embodied in the item of property, plant and equipment.

50.10.3 Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the item. For leased assets, the depreciation period is the estimated useful life of the asset, or the lease term if shorter.
The estimated useful lives of the respective asset categories are as follows:

Buildings	20 to 50 years
Outdoor infrastructure	10 to 20 years
Plant installations	6 to 20 years
Machinery and equipment	6 to 12 years
Laboratory and research facilities	3 to 5 years
Vehicles	4 to 8 years
Computer equipment	3 to 5 years
Furniture and fixtures	4 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

50.11 NON-CURRENT ASSETS HELD FOR SALE

The Group classifies an asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Immediately before classification as held for sale, the Group measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRS. Then, on initial classification as held for sale, assets and disposal groups are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. Assets classified as held for sale are no longer amortized or depreciated.

50.12 FINANCIAL INSTRUMENTS

50.12.1 Financial assets

Financial assets comprise equity and debt instruments in another entity, cash and cash equivalents, loans receivable, trade receivables, receivables under finance leases and other receivables as well as derivative financial instruments.
The Group initially recognizes loans and receivables on the date that they are originated. All other non-derivative financial assets are recognized on the trade date when the Group becomes a party to the contractual provisions of the instrument.
A trade receivable without significant financing is initially measured at its fair value plus any transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs related to financial assets and liability carried at fair value through profit and loss are recognized in the income statement.
The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. In a transaction where an entity neither transfers nor retains substantially all of the risks and rewards of ownership of a financial asset, the related asset is derecognized in case the entity lost control of the asset.
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.
The Group has the following categories of non-derivative financial assets: financial assets at amortized cost and financial assets at fair value through other comprehensive income. Its classification reflects the business model in which the assets are managed and their cash flow characteristics.

A. Financial assets at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
All the Group's receivables – trade receivables, receivables under finance leases as well as other receivables – and cash and cash equivalents fit into aforementioned definition and are consequently measured at amortized cost.

B. Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
The Group has made an irrevocable election for the investment in Digital Illustrate Inc. to classify it as FVOCI. The impact of subsequent measurement of this investment in equity securities is reflected in OCI under 'Other reserves'. This item in OCI will not be reclassified subsequently to profit or loss.

50.12.2 Financial liabilities

Financial liabilities comprise debentures, uncommitted bank facilities, revolving and other credit facilities, trade and other payables as well as derivative financial instruments.
Financial liabilities are recognized initially at fair value on the trade date at which the Group becomes a party to the contractual provisions of the instrument.
At initial recognition, the Group measures its financial liabilities at its fair value less any transaction costs that are directly attributable to the issuance of the financial liability.

Non-derivative financial liabilities are subsequently measured at amortized cost except for financial liabilities that arise when a transfer of a financial asset does not qualify for de-recognition or when the continuing involvement approach applies.
Interest-bearing loans and borrowings are stated at amortized cost with any difference between the initial amount and the maturity amount being recognized in profit or loss over the expected life of the instrument on an effective interest rate basis.
If a transfer of a financial asset does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. In subsequent periods, the Group recognized any income on the transferred asset and any expense incurred on the financial liability.
If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the entity continues to recognize the transferred asset to the extent of its continuing involvement and recognizes an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.
The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained. The associated liability is measured in such a way that the net carrying amount of the transferred asset and the associated liability is the amortized cost of the rights and obligations retained by the Group assuming the transferred asset is measured at amortized cost.
The Group de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expired. The Group also de-recognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on modified terms is recognized at fair value. On de-recognition of the financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

50.12.3 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments primarily to manage its exposure to foreign currency risks and price changes in commodities arising from operational, financing and investment activities.
The Group uses following types of derivative financial instruments: forward exchange contracts used for hedging, swap contracts used for hedging and other forward exchange contracts and swap contracts.

The Group uses forward exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to future sales. The Group also uses metal swap agreements hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum. The contracts are designated as cash flow hedges and are held for the purpose of the receipt of commodities in accordance with the Group's expected usage of aluminum.

Derivative financial instruments that are not designated as cash flow hedges are measured at fair value through profit or loss.

In accordance with its treasury policy, the Group does not currently hold or issue derivatives for trading purposes.

Derivative financial instruments are initially recognized at fair value on the date at which a derivative contract is entered into (trade date) and are subsequently re-measured at their fair value. In case cash flow hedge or net investment hedge accounting is applied, the effective portion of any gain or loss is recognized in OCI, the non-effective portion in profit or loss. Transaction costs related to financial assets and liability carried at fair value through profit and loss are recognized in the income statement.

The Group has the following categories of derivative financial instruments: derivatives not formally designated as hedging instruments and cash flow hedging instruments.

A. Hedging instruments

The Group's forward exchange contracts and swap contracts, that are formally designated as cash flow hedging instruments, are subsequently re-measured at their fair value.

Cash flow hedge accounting is applied to all hedges that qualify for hedge accounting when required documentation of the hedging relationship is in place and when the hedge is determined to be effective. When hedge accounting is applied, the effective portion of any gain or loss is recognized in OCI, the non-effective portion in profit or loss.

With regard to hedge accounting, the Group has chosen to apply the new requirements of IFRS 9 and not to apply the requirements of the old IAS 39. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. The Group uses forward exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to future sales. The Group currently designates only the change of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Under the new IFRS 9, the change in the fair value of the forward element ('forward points') is accounted for as fair value through profit or loss and reflected in 'Net finance costs.'

The Group also uses metal swap agreements hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum.

The contracts are designated as cash flow hedges and are held for the purpose of the receipt of commodities in accordance with the Group's expected usage of aluminum. Under IFRS 9 as well as under IAS 39, the amounts accumulated in the cash flow hedge reserve are removed from OCI and included in the initial carrying amount of the inventory purchased.
The types of hedge accounting transactions that the Group currently designates meet the requirements of IFRS 9 and are aligned with the Group's risk management strategy and objectives.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in hedge reserve remains in other comprehensive income until, for a hedge of a transaction resulting in the recognition of a non–financial item, it is included in the non-financial item's initial cost or for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedge reserve are immediately reclassified to profit or loss.

B. Mandatory at FVTPL

Derivative financial instruments that are economic hedges but that do not meet the hedge accounting criteria of IFRS 9 are categorized as Mandatory at FVTPL and are accounted for as financial assets or liabilities at fair value through profit or loss. The impact in profit or loss is reflected in either Other operating income/expense or Net finance costs depending on the nature of the item economically hedged.

50.13 IMPAIRMENT

50.13.1 Impairment testing of goodwill, intangible assets and property, plant and equipment

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and upon the occurrence of an indication of impairment.
The impairment tests are performed annually at the same time each year and at the cash-generating unit level.
The Group defines its cash-generating units based on the way that it monitors its goodwill and will derive economic benefit from the acquired goodwill and intangibles.
The impairment tests are performed by comparing the carrying value of the assets of these cash-generating units with their recoverable amount, based on their future projected cash flows discounted at an appropriate pre-tax rate of return.
The discount rate used in calculating the present value of the estimated future cash flows is based on a weighted average cost of equity and debt capital (WACC), using a debt-equity ratio of an average market participant. An additional risk premium was added to the cost of equity. The cost of debt is based on conditions on which comparable companies can obtain long-term financing.

The forecasting risk related to silver and aluminum is reflected in the cash flow projections.

An impairment loss is recognized whenever the carrying amount of the cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Consideration is given at each reporting date to determine whether there is any indication of impairment of the carrying amounts of the Group's property, plant and equipment and intangible assets with finite useful lives.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss and the carrying amount of related asset is reduced through use of an allowance account.

The recoverable amount of the Group's property, plant and equipment and intangible assets with finite useful lives is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

50.13.2 Impairment testing for right-of-use assets

At each reporting date, the Group reviews the carrying amounts of its right-of-use assets to determine whether there is any indication of impairment. Indication of impairment exists when a lease concluded as a lessee becomes onerous in which case an impairment loss is recognized, measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

50.13.3 Impairment of financial assets and contract assets

The IFRS 9 standard replaces the 'Incurred loss' model with a forward-looking 'Expected credit loss' (ECL) model. This requires considerable judgement about how changes in economic factors affect expected credit losses. With regard to impairment of trade receivables, lease receivables and contract assets, the Group applies the simplified approach for the impairment evaluation, which implies that credit losses for these categories of assets are always measured at an amount equal to lifetime expected credit losses. Credit losses are measured as the present value of all cash shortfalls – i.e. the difference between the cash flows to which the entity is entitled to and what the entity expects to receive. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The inputs and assumptions to the expected credit loss model are the following: significant financial difficulty of the counterparty, a default of more than 90 days past due, a possible bankruptcy of the counterparty, ...

The evaluation of possible impairment takes into account forward-looking elements. For the major portion of the accounts receivable balances, debtors are scored and rated based on quantitative and qualitative information on an ongoing basis through Credit Risk Application in place. All customers are classified into different risk categories which are reassessed on a yearly basis based on relevant forward-looking information such as data from external credit bureaus, age of business, country risk and the credit manager's assessment. To mitigate the credit risk, credit insurance and other risk mitigation tools such as letter of credit, bank guarantees, mortgage are used within the Group.
This methodology of individually reviewing outstanding receivable amounts taking into account forward-looking information to assess impairment risks hasn't been changed due to the application of IFRS 9.

Loss allowances for financial assets measured at amortized cost are charged to profit or loss and deducted from the gross carrying amount of the assets to obtain a net presentation in the consolidated financial statements. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment for each type of financial asset based on whether there is a reasonable expectation of recovery. Financial assets that are written off are still subject to enforcement activities of the Group for recovery of amounts due.

50.14 LEASES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

A. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate (IBR) twice a year based on the government bond yields per country and per maturity bucket obtained from Reuters and adds a risk premium reflecting the Group's risk profile. The latter risk premium differs from the country risk classified according to the Organization of Economic Cooperation and Development (OECD). Depending on the low, medium or high risk of the country a different spread is added. As such a IBR-matrix is obtained reflecting six maturity buckets and 50 countries.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

There are no leases for which it is expected that the Group would need to pay a residual value guarantee.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets (mainly related to IT equipment) and short-term leases. Short-term leases are leases with a lease term of twelve months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

On the statement of financial position right-of-use assets are presented separately whereas lease liabilities are comprised in 'Loans and borrowings'. All lease payments that are due within 12 months after the balance sheet date are classified as current liabilities. All lease payments that are due later than 12 months after the balance sheet date are classified as non-current liabilities.

B. As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The majority of the Group's finance lease arrangements are concluded by Agfa Finance, i.e. Agfa Finance NV or its subsidiaries Agfa Finance Corp. and Agfa Finance Inc.

On manufacturing leases, the Group recognizes revenue and related profit margin at the moment a Group's manufacturing organization or any related company invoices Agfa Finance at commencement of the lease with the external customer.

A commercial contract whereby a certain piece of equipment is financed by means of a medium or long-term agreement under which the customer commits to purchase a certain level of consumables at a mark-up price is called a 'bundle deal'. At each sale of consumables, the Group allocates the consideration received from this sale to a reduction of the outstanding lease receivable and revenue from sale of goods on the basis of their stand-alone selling prices.

Receivables under finance leases are measured at an amount equal to the discounted future minimum lease payments. Finance lease income – presented as part of 'Other operating income' – is subsequently recognized based on a pattern reflecting constant periodic rate of return on the net investment using the effective interest method.

On the statement of financial position receivables under finance leases are presented separately. All lease receivables that are due within 12 months after the balance sheet date are classified as current assets. All lease receivables that are due later than 12 months after the balance sheet date are classified as non-current assets.

The Group applies the de-recognition and impairment requirements in IFRS 9 to the net investment in the lease.
The Group recognizes lease payments received under operating leases as income on a straight line basis over the lease term as part of 'Other operating income'.

50.15 OTHER ASSETS

Other assets comprise deferred charges and other non-financial assets. Deferred charges relate to payments made by the Company before the balance sheet date in respect of the expenses of future periods (prepayments). Examples of deferred charges are payments of rent, interests and insurance premiums that were made before the balance sheet date but relate to a specific period after the balance sheet date.

Non-financial assets are carried at cost. Deferred charges are recognized in profit or loss by the straight-line method or according to performance of the services received.

50.16 INVENTORIES

Raw materials, supplies and goods purchased for resale are valued at purchase cost.

Work in progress and finished goods are valued at the cost of production. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used for production. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to production. Administrative costs are included where they are attributable to production.

Inventories are valued using the weighted-average cost method.

If the purchase or production cost is higher than the net realizable value, inventories are written down to net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The cost of inventories may not be recoverable in following situations:

- obsolete inventory: this is determined based on a list of non-moving or slow-moving inventory-items, including items approximating the expiry date;
- damaged or expired inventory items or products showing quality problems;
- declining selling prices.

Within the Group, write-downs of inventories mainly result from obsolescence.

50.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, checks received, and balances with banks and companies. Cash equivalents are highly liquid short-term financial investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

50.18 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from retained earnings.

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity under the caption 'Reserve for own shares'. Cancelled treasury shares are transferred from 'Reserve for own shares' to 'Retained earnings'. When treasury shares are sold, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

50.19 PROVISIONS

Provisions are recognized in the statement of financial position when a Group company has a present obligation (legal or constructive) as a result of a past event and when 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 amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If the effect 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.

50.19.1 Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to those affected by it. Future operating costs are not provided for.

50.19.2 Environmental protection

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

50.19.3 Trade-related

Trade-related provisions mainly comprise provisions for sales commissions and warranty and commercial litigations. A provision for product warranty is made at the time of revenue recognition and reflects the estimated costs of replacement that will be incurred by the Group.

50.19.4 Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. Provisions are established for impending losses on purchase or sales contracts at the amount of the anticipated losses.

50.20 CONTRACT LIABILITIES

The Group applies IFRS 15 *Revenue from contracts with customers*, that introduced the concept of contract assets and contract liabilities. Contract liabilities comprise deferred revenue and advance payments received from customers as well as accruals for bonuses and rebates related to goods and services purchased by customers during the period.

50.21 OTHER LIABILITIES

Other liabilities primarily relate to unearned other operating income. Government grants are a typical example of unearned other operating income. They are recognized in profit or loss when there is a reasonable assurance that the conditions attached to the grants will be or are complied with and the grants will be received. Grants that compensate the Group for expenses incurred are recognized in profit or loss under the same functional reporting line item as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Grants awarded for the purchase or production of assets (Intangible assets or Property, plant and equipment) are recognized initially as other liability and then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Government grants for future expenses are recorded as Other liabilities.

51. NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new IFRS standards, amendments to IFRS standards and interpretations issued, were not yet effective for the year ended on December 31, 2020 and have not been applied in preparing the consolidated financial statements.
The Group shall adopt these standards after endorsement by the European Union. It relates to:

- **Amendments to IAS 1 *Presentation of Financial Statements: Classification of liabilities as current or non-current***

In January 2020, the IASB issued amendments to IAS 1 related to the classification of liabilities. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. The amendments in *Classification of liabilities as current or non-current* (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

A company classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period should affect the classification of a liability. They clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.

On July 15, 2020, the IASB issued *Classification of Liabilities as Current or Non-current — Deferral of Effective Date* (Amendment to IAS 1) deferring the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after January 1, 2023. The amendments have not yet been endorsed by the European Union. The Group will apply this amendment after endorsement by the European Union. The application of this amendment will not have a material impact to the consolidated financial statements of the Group.

- **Amendments to IFRS 3 Business Combinations; IAS 16 *Property, Plant and Equipment*; IAS 37 *Provisions, Contingent Liabilities and Contingent Assets as well as Annual improvements,***

In May 2020, the IASB issued several narrow-scope amendments which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards:

- Amendments to IFRS 3 *Business Combinations* update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IAS 16 *Property, Plant and Equipment* prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss. The amendments also clarify that testing whether an item of PPE is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* specify which costs a company includes when assessing whether a contract will be loss-making. The amendments clarify that the 'costs of fulfilling a contract' comprise both: the incremental costs; and an allocation of other direct costs.
- Annual Improvements to IFRS Standards 2018–2020 make minor amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture and the Illustrative Examples* accompanying IFRS 16 *Leases.*

The amendments are effective for annual periods beginning on or after January 1, 2022. These amendments have been endorsed by the European Union. The Group will apply these amendments after endorsement by the European Union. These amendments will not have a material impact to the consolidated financial statements of the Group.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2***

In August 2020, the IASB issued amendments that address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).

The amendments apply retrospectively from 1 January 2021 with earlier application permitted. These amendments have not yet been endorsed by the EU. The Group will apply these amendments after endorsement by the European Union. These amendments will not have a material impact to the consolidated financial statements of the Group.

Following changes have not been elaborated on as these are considered not relevant to the Group. It relates to :

- IFRS 17 *Insurance Contracts* (issued on May 18, 2017); including Amendments to IFRS 17 (issued on June 25, 2020) - not yet endorsed effective for annual periods beginning on or after January 1, 2023
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (issued on June 25, 2020)
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on September 11, 2014); including Effective Date of Amendments to IFRS 10 and IAS 28 (published in December 2015) - deferred indefinitely by removing the original effective date of January 1, 2016 and indicating that a new effective date would be determined at future date when the IASB finalizes the revisions.

Statutory auditor's report to the general meeting of Agfa-Gevaert NV on the consolidated financial statements as of and for the year ended December 31, 2020

In the context of the statutory audit of the consolidated financial statements of Agfa-Gevaert NV ("the Company") and its subsidiaries (jointly "the Group"), we provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended December 31, 2020, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of May 14, 2019, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended December 31, 2021. We have not been able to identify the exact date of our initial appointment. However, we can confirm that we have performed the statutory audit of the consolidated financial statements of Agfa-Gevaert NV for at least 43 consecutive financial years.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the Group as of and for the year ended December 31, 2020, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss, 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 notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to 2,204 million Euro and the consolidated statement of profit or loss shows a profit for the year of 621 million Euro.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

We have obtained from the board of directors and the Company's 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and indefinite-life intangible assets

We refer to note 27 "Goodwill and Intangible assets" and note 50.13 "Impairment" of the consolidated financial statements.

- Description

The Group operates in business sectors where financial performance is impacted by competitive pressures, decline in demand and volatile commodity prices (silver and aluminum).

Goodwill and indefinite-life intangible assets are assessed for impairment annually in accordance with IAS 36. Management prepares a recoverable amount assessment by discounting future cash flow projections to determine whether these assets are impaired at the reporting date as well as the level of impairment charge to be recognized. This assessment is performed at cash-generating unit level. Impairment of goodwill and indefinite-life intangible assets is a Key audit matter due to:

- The size of the balance (being 12% of total assets); and
- The level of judgement required by management in its assessment of impairment, which principally relates to the inputs used in both forecasting and discounting future cash flows to determine the recoverable amount.

- Our audit procedures

Our audit procedures included, amongst others:

- We evaluated the process by which managements' cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest Board of Directors approved financial targets.
- We analyzed the Group's previous ability to forecast cash flows accurately and challenged the reasonableness of current forecasts by comparing key assumptions to historical results, economic and industry forecasts and internal planning data.
- We assessed the appropriateness of the Group's valuation methodology and its determination of discount rates by including valuation specialists in our team.
- Furthermore we performed sensitivity analyses around the key assumptions used for the determination and discounting of the cash flow forecasts, in particular discount rates, growth rates and commodity prices. We assessed how management incorporated the specific risk factors faced by the businesses and the Group in their cash flow forecasts and discount. Having ascertained the extent of change in the assumptions that either individually or collectively would be required for the goodwill and indefinite-life intangible assets to be potentially impaired, we assessed the likelihood of such a movement in those key assumptions.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of impairment, which are included in Note 27 to the consolidated financial statements.

Recoverability of deferred tax assets

We refer to Note 17 "Income taxes" and Note 50.7.2 "Deferred tax" of the consolidated financial statements.

- Description

The Group has significant tax losses and deductible temporary differences from past business performance for which a deferred tax asset of 120 million Euro has been recognized.

There is an inherent uncertainty involved in assessing the availability of future taxable profits, which determines the extent to which deferred tax assets are or are not recognized.

Due to the significance of the balance as well as the judgment involved in the estimations described above, the recoverability of deferred tax assets is a key audit matter for our audit.

- Our audit procedures

Our audit procedures included, amongst others:

- We assessed the appropriateness of the Group's assumptions and estimates in determining the level of tax losses and deductible temporary differences to recognize.
- We assessed the Group's view of the likelihood of generating sufficient taxable profits to support the recognition of deferred tax assets, which includes an assessment of the long-term business plans, the historical and projected taxable profit forecasts at legal entity level, a consideration of tax planning strategies and sensitivities to changes in assumptions.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of income taxes, which are included in Note 17 to the consolidated financial statements.

Measurement of post-employment benefits

We refer to Note 13 "Post-Employment benefit plans" and Note 50.4 "Employee benefits" of the consolidated financial statements.

- Description

The Group provides retirement benefits in most countries in which it operates. Retirement benefits are organized through defined contribution plans as well as defined benefit plans. The Group funds its obligations in relation to those plans via insurance plans and segregated assets in Pension Funds.

The net defined benefit liability for Belgium, Germany, UK and US together represents 96% of the total net defined benefit liability.

Post-employment benefits is a Key Audit Matter due to:

- The size of the balance (947 million Euro which represents 44% of total equity and liabilities); and
- The significant estimates made in valuing the Group's post-employment benefit obligations and underlying assets. Small changes in assumptions and estimates used to value the Group's net post-employment benefit liabilities would have a significant effect on the Group's financial position.

- Our audit procedures

Our audit procedures included, amongst others:

- We updated our understanding of the Group's valuation process.
- We assessed the competence, objectivity and capabilities of the external actuarial experts engaged by management.
- We challenged the key assumptions, being the discount rates, inflation rates and mortality expectations underlying the valuation of the Group's post-employment benefit obligations with the support of our actuarial specialists. This included a comparison of key assumptions used against externally derived data.
- We verified the accuracy of the census data underlying the actuarial valuation and reconciled the fair value of the plan assets with external confirmations.
- We assessed the overall reasonableness of the valuation outcome.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of employee benefits, which are included in Note 13 to the consolidated financial statements.

Revenue recognition

We refer to Note 8 "Revenue" and Note 50.3 "Revenue from contracts with customers" of the consolidated financial statements.

- Description

For the year ended December 31, 2020, the Group recorded revenue amounting to 1,709 million Euro.

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group (including bonus arrangements) and is, therefore, subject to an inherent risk of manipulation by management to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Group's profit for the year.

- Our audit procedures

Our audit procedures included, amongst others:

- Evaluating the design, implementation and operating effectiveness of key controls (including IT environment) over the existence, accuracy and timing of revenue recognition.
- Challenging the revenue recognition policies adopted by the Group by making inquiries of management and inspecting a sample of sales contracts to understand the contractual components, the delivery terms and to assess the Group's timing of revenue recognition with reference to the requirements of the prevailing accounting standards.
- Assessing whether revenue had been recognized in the appropriate accounting period by comparing a sample of sales transactions around the year-end with relevant underlying documents (e.g. delivery documentation).
- Inspecting manual adjustments to revenue, enquiring of management as to the reason for such adjustments and comparing the details of the adjustments with relevant underlying documentation.
- Testing a sample of contract assets and contract liabilities ending balances and comparing these to supporting evidence.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

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

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit 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 Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the consolidated financial statements, and the other information included in the annual report.

Statutory auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Chapter 1 Letter to the Shareholders and Key Figures 2020

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in the board of directors' annual report on the consolidated financial statements, which is part of section Non-Financial Information of the annual report. The Company has prepared this non-financial information based on Global Reporting Initiative (GRI) standards. In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned GRI Standards.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Antwerp, April 9, 2021

KPMG Réviseurs d'Entreprises/Bedrijfsrevisoren
Statutory Auditor
represented by

H. Van Donink
Réviseur d'Entreprises/Bedrijfsrevisor


E0307
E0306
E0407
F0407
F0307
F0207

Statutory accounts

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert NV prepared under Belgian accounting policies. The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Agfa-Gevaert NV as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory stipulated periods. These documents are available on request from Agfa's Investor Relations department and at www.agfa.com/investorrelations.

Only the Consolidated Annual Financial Statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group. The Statutory Auditor's Report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2020 give a true and fair view of the financial position and results of the Company in accordance with all legal and regulatory dispositions.

INCOME STATEMENTS

MILLION EURO		2019	2020
I. Operating income			
A.	Turnover	428	370
B.	Stocks of finished goods, work and contracts in progress (increase +, decrease -)	(1)	2
C.	Own work capitalized	19	20
D.	Other operating income	91	102
E.	Non-recurring operating income	-	-
TOTAL OPERATING INCOME		**537**	**494**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	198	172
	2. Stocks (increase -, decrease +)	2	2
B.	Services and other goods	84	100
C.	Remuneration, social security costs and pensions	203	233
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	30	29
E.	Amounts written off stocks, contracts in progress and trade debtors (appropriations +, write-backs -)	2	(1)
F.	Provisions for liabilities and charges (appropriations +, uses and write-backs -)	(7)	(4)
G.	Other operating charges	18	14
H.	Non-recurring operating charges	3	1
TOTAL OPERATING CHARGES		**533**	**546**
III.	**Operating profit/Loss**	**4**	**(52)**
IV.	**Financial income**	**93**	**66**
V.	**Financial charges**	**(505)**	**(148)**
VI.	**Gain/Loss for the period before taxes**	**(408)**	**(134)**
VII.	**Transfer from deferred taxes**	**-**	**-**
VIII.	**Income taxes**	**1**	**-**
IX.	**Gain/Loss of the period**	**(407)**	**(134)**
X.	**Transfer from untaxed reserves**	**-**	**-**
XI.	**Gain/Loss of the period available for appropriation**	**(407)**	**(134)**
Appropriation account			
A.	Profit to be appropriated	(226)	(360)
	1. Gain (loss) of the period available for appropriation	(407)	(134)
	2. Accumulated profits (losses)	181	(226)
B.	Withdrawals from capital and reserves	-	-
C.	Transfer to capital and reserves	-	-
D.	Accumulated profits (losses)	(226)	(360)
F.	Profit to be distributed	-	-

FINANCIAL POSITION

MILLION EURO		December 31, 2019	**December 31, 2020**
Assets			
I.	Formation expenses	1	-
II.	Intangible fixed assets	21	20
III.	Tangible fixed assets	28	34
IV.	Financial fixed assets	2,775	986
V.	Amounts receivable after more than one year	5	5
VI.	Stocks and contracts in progress	104	104
VII.	Amounts receivable within one year	262	218
VIII.	Current investments	19	370
IX.	Cash at bank and in hand	2	112
X.	Deferred charges and accrued income	4	4
		3,221	**1,853**
Liabilities			
I.	Capital	187	187
II.	Share premium account	211	211
IV.	Reserves	416	416
V.	Accumulated profits	(226)	(360)
VI.	Investment grants	1	1
		589	455
VII.	Provisions and deferred taxes	20	17
VIII.	Amounts payable after more than one year	150	-
IX.	Amounts payable within one year	2,461	1,381
X.	Accrued charges and deferred income	1	-
		3,221	**1,853**

Corporate Governance Statement

The Company has decided to apply the Belgian Corporate Governance Code 2020 as reference code as from the financial year 2020. The Code can be consulted on the website www.corporategovernancecommittee.be.

During the financial year 2020, the Articles of Association of the Company have been conformed to the new Code of Companies and Associations (Law of March 23, 2019) published in the Belgian State Gazette on April 4, 2019.

The Board of Directors revised the Corporate Governance Charter of the Company in order to adapt this Charter to the provisions of the Belgian Corporate Governance Code 2020. Within the scope of this revision also the option for a monistic governance structure has been evaluated and confirmed. The complete Corporate Governance Charter of the Company is published on the website: www.agfa.com/investorrelations.

Unless otherwise stated in the relevant sections of this Statement, the Company is completely in line with the Belgian Corporate Governance Code 2020 for the financial year 2020.

The governance structure of the Company is built up round the Board of Directors, the Chief Executive Officer (CEO) and the Executive Committee (ExCo). The Board of Directors is assisted by a Nomination and Remuneration Committee and an Audit Committee.

Board of Directors

As the ultimate management body of the Company, the Board of Directors is empowered to carry out any necessary or useful actions for the achievement of the corporate purpose, the exception being the powers reserved by law for the General Meeting of Shareholders (such as amendments to the articles of association, capital increases other than through the authorized capital, capital decreases). The powers and operation of the Board of Directors are described extensively in the Corporate Governance Charter. The articles of association determine that the Board of Directors meets whenever the interest of the Company so requires or following a request by two directors.

In 2020, eight effective meetings took place, as well as a couple of short discussions per conference call.

In the course of 2020, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, the transformation process of the Agfa-Gevaert Group, the succession of the Chairman and the CEO, the perspectives for 2021 and the action plans for the years to come, recommendations from the various Committees to the Board of Directors, risk management, the approval of budgets, cost control scenarios, the evolution of important litigations and the approval of the annual accounts.

Directors likely to have conflicting interests with regard to any item on the agenda must disclose the conflict before any deliberation and must abstain from deliberating and voting on that item. More particularly, the directors must not put themselves in conflict situations as described in the Corporate Governance Charter of the Company. Should such an event occur against their will, they must disclose it before any deliberation relating to the conflicting item and must abstain from deliberating and voting on that item.

Composition of the Board of Directors

The articles of association of the Company provide that the Board of Directors has at least six members, who do not need to be shareholders and who are appointed for a renewable maximum term of four years. The majority of the members are to be non-executive directors, including a minimum of three independent directors. On May 11, 2020 Mercodi BV, represented by Jo Cornu, has resigned as director.

No mandates as a director expired immediately following the General Meeting of Shareholders of May 12, 2020. It has been proposed to the shareholders to appoint PJY Management BV, with permanent representative Pascal Juéry, as executive director for a four-year term.

During the Board meeting of August 25, 2020, it has been decided that Vantage Consulting BV, with permanent representative Frank Aranzana, will replace Klaus Röhrig as Chairman of the Board. Because of its liquidation, the company CRBA Management BV has resigned during the Board of Directors meeting held on January 20, 2021. At the same meeting the Board of Directors has co-opted Christian Reinaudo as non-executive director. The Board therefore consists today of the following seven members:

- Vantage Consulting BV[1], with permanent representative Frank Aranzana, Chairman, member since 2019, Director of companies.
- PJY Management BV, with permanent representative Pascal Juéry, member since 2020, Director of companies;
- Klaus Röhrig, member since 2018, Director of companies;
- MRP Consulting BV[1], with permanent representative Mark Pensaert, member since 2018, Director of companies;
- Hilde Laga [1], member since 2015, Director of companies;
- Helen Routh [1], member since 2019, Director of companies;
- Christian Reinaudo, member since 2010, Director of companies.

(1) Independent director in accordance with article 7:87. §1. of the Code of Companies and Associations.

The mandate as a director of Christian Reinaudo will expire immediately following the General Meeting of Shareholders.
At the General Meeting, it will be proposed to the shareholders to reappoint Christian Reinaudo as non-executive director for a four-year term.

CV's of the members of the Board of Directors

Frank Aranzana (°1958 - French) holds a Bachelor's degree in Economics and Political Sciences from IEP Paris, a Bachelor in Law from Nice University and later obtained a Master in Management from ESSEC Paris. He started his career in 1986 with Dow Chemical, where he worked in sales, marketing and Business management. In 1996, he joined DuPont Dow Elastomers as Business Director. In 1999, he joined UCB as a Director of the Radcure business unit and subsequently Specialty Chemicals, which were sold to Cytec Industries in 2005. He became Vice President of Cytec Surface Specialties and in 2008 President of Cytec Specialty Chemicals, member of Cytec's Executive Leadership team and an Officer of Cytec Industries Inc. In 2013, he was appointed CEO of Allnex, the leading producer of coating resins acquired by Advent International Private Equity and until 2020, he was an Advent Operating partner, sitting on Allnex's Advisory Committee.

Frank Aranzana joined the Board of Directors in May 2019 and as from August 2020, he became Chairman.

Current mandates:

- Board member Anqore
- Board member Coventya

Pascal Juéry (°1965 - French) is a graduate from ESCP Business School in Paris, France. He provides more than 30 years of experience in the chemical and advanced material industries. Pascal Juéry started his career in finance and soon demonstrated his ability to lead various global businesses as well as hold key functional responsibilities. For the past 10 years, he was a member of the Executive Committee of Rhodia and then Solvay, where he took an active part in the group portfolio and business transformation.

**Pascal Juéry joined the Agfa-Gevaert Board of Directors in 2020.
As from February 1, 2020 he became CEO of Agfa-Gevaert.**

Current mandates:

- Board member Blue Industry & Science
- Board member Desmet-Ballestra

Hilde Laga (°1956 - Belgian) is recognized as a Belgian authority in the corporate law advisory field. Until 2014 she combined client work as a lawyer with an esteemed academic career. After obtaining a PhD in Law at the University of Leuven, she founded the law firm Laga (now Deloitte Legal - Lawyers), which she led as managing partner and as head of the corporate M&A practice until 2013. As a professor at the University of Leuven, Hilde Laga lectured corporate law, a subject on which she has written numerous national and international publications. Currently, she is connected as visiting professor. Hilde Laga is a member of the Belgian Corporate Governance Committee and served several years as a member of the Supervisory Board of the Belgian Financial Services and Markets Authority.

Hilde Laga joined the Agfa-Gevaert Board of Directors in 2015.

Current mandates

- Chairman of the Board of Directors of GIMV NV
- Director of Barco NV, Greenyard Foods NV, K.U. Leuven and its university hospital

Mark Pensaert (°1964 - Belgian) holds a Master of Law from the State University of Ghent (Belgium) and later obtained a Master of Law from the Cambridge University St. Catharine's College. He started his career in 1988 in London with Lazard Brothers & Co, one of the leading independent global investment banks with principal offices in New York, Paris and London. Between 1992 and 1996, he was finance director of Interbuild NV and Rombouts NV. In 1996, he became CFO of Carestel NV (currently part of the Autogrill Group). Between 2000 and 2004 he returned to the international M&A business by rejoining Lazard Frères in Paris to help establish and set up the M&A platform for Lazard in the Benelux. In 2004, he became a Partner and started the Amsterdam office covering the Benelux. In 2008, he joined, as CEO, Leonardo & Co, a spin-off from Lazard, to build out their network in Continental Europe and from September 2015 until July 2018, he served as Chairman of the investment banking division of Alantra Partners, a global investment banking and asset management group quoted on the Madrid Stock Exchange.

Mark Pensaert joined the Agfa-Gevaert Board of Directors in 2018.

Current mandates

- Member Supervisory Board of Rabobank

Christian Reinaudo (°1954 - French) is a graduate from the 'Ecole de Physique et de Chimie Industrielles de Paris' and holds a doctorate from the University of Paris (France). He started his career with Alcatel (formerly named Compagnie Générale d'Electricité) in 1978 in the Research and Development Centre of Marcoussis (France). During his Alcatel period, he managed several multi billion Euro businesses and international sales and services organizations.

From 1984 to 1996, he held several positions in the Cable Group of Alcatel (now Nexans), from research and development, to manufacturing, procurement, sales support and services. He took the position of President of the Submarine Networks Division in early 1997. Appointed President of the whole Optics Group in 1999, he enters the Executive Committee of Alcatel early 2000 as Executive Vice-President. In 2003, he was appointed President of Alcatel Asia Pacific and moved to Shanghai (China) where he stayed until 2006. During this period, he was also the Vice-Chairman of the Board of Directors of Alcatel Shanghai Bell, the Chinese joint venture of Alcatel with the Chinese government. In 2006, he came back to Paris to manage the integration and the transition process associated with the merger of Alcatel and Lucent Technologies. He also became Director in the Board of Directors of Draka Comteq (the Netherlands). In 2007, he was appointed President Northern and Eastern Europe of Alcatel-Lucent and he joined the Board of Directors of Alcatel-Lucent (Belgium). Early 2008, Christian Reinaudo joined Agfa-Gevaert to be President of Agfa HealthCare.

Christian Reinaudo joined the Agfa-Gevaert Board of Directors in 2010. As from May 1, 2010 till February 1, 2020, he was CEO of Agfa-Gevaert.

Current mandates

- Director of Domo Chemicals GmbH (since October 18, 2016)
- Chairman Biocartis Group NV (since May 11, 2018)

Klaus Röhrig (°1977 - Austrian) holds a Master of Economics and Business Administration from Vienna University of Economics and Business Administration. In 2000, Klaus Röhrig started his career at Credit Suisse First Boston in London, focusing on corporate finance and M&A for technology companies. In 2006, he joined Elliott Associates where he was responsible for the funds' investments in the German speaking countries as well as selected debt, equity and sovereign investments. In 2015, Klaus Röhrig founded Active Ownership Group, a Luxembourg based investment group. Throughout his career, he focused on identifying investment opportunities, structuring of investments and process-driven value creation.

Klaus Röhrig joined Agfa-Gevaert as non-executive director in November 2018 and was Chairman of the Board of Directors as from May 2019 till August 2020.

Current mandates

- Member of the Supervisory Board of Formycon AG
- Member of the Supervisory Board of Francotyp-Postalia Holding AG

Helen Routh (°1962 - British/American) is a global healthcare executive with a record of solving complex problems at the intersection of innovation and business. She has a PhD in Physics, specializing in medical ultrasound from University College Cardiff (UK). Until 2017, she held diverse business and functional roles in healthcare at Philips, working across products, software and services. She was the General Manager of Philips Research in North America and General Manager of Philips' global Clinical Informatics businesses.
As Senior VP of Strategy and Innovation, she led the development of Innovation Strategy across Royal Philips and was head of the Integrated Solutions team.
She is an invited keynote speaker and panelist on both technical and business topics, and serves as an advisor to small and large companies and academic and clinical organizations in both the US and Europe.

Helen Routh joined the Board of Directors in May 2019.

Current mandates

- Chairman of the board of Ultromics
- Non-Executive Director of Health Innovation Manchester
- Member of the Medical Advisory Board of Buoy Health

Committees established by the Board of Directors

Audit Committee (AC)

The Audit Committee completes the tasks as described in article 7:99.§4 of the Code of Companies and Associations and assists the Board of Directors in achieving its mission of control in the broadest sense. Its powers and the way it functions are described extensively in chapter 5.1 of the Corporate Governance Charter.

As from May 14, 2019, the Audit Committee consists of the following three non-executive Directors: Mr. M. Pensaert, Chairman, Mr. K. Röhrig and Ms. H. Routh. Two of them are independent directors. They all meet the requirements described in article 7:99.§2 of the Code of Companies and Associations, with respect to the expertise in the field of accounting and audit.

The Committee held five meetings in 2020. Amongst other items the following topics were discussed: the verification of the annual accounts 2019, the quarterly results of 2020, the reports of the internal audit department, the follow-up of important legal issues such as the AgfaPhoto file, Information Security and the evaluation of risk management in the Group.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee has been entrusted by the Board of Directors with responsibilities concerning the nomination for appointment, reappointment or dismissal of Directors and members of the Executive Management, the remunerations policies and the individual remuneration of the Directors and the members of the Executive Management. Operation and functions of the NRC are described extensively in chapter 5.2 of the Corporate Governance Charter. The Nomination and Remuneration Committee consists exclusively of non-executive directors.

Since May 12, 2020, the Nomination and Remuneration Committee consists of the following three non-executive directors: Mr. C. Reinaudo, Chairman, Mrs. H. Laga and Mr. F. Aranzana. Two of them are independent directors. The Committee had four meetings in 2020 and the following items, amongst others, were discussed: composition of the Board of Directors and the Committees, the succession of the CEO, the compensation and benefits philosophy, performance and remuneration of the Executive Management and Senior Executives, pension obligations and drafting of the Remuneration Report.

Presence at the meetings of the Board of Directors and the Committees

	Board	AC	NRC
Mr. Frank Aranzana	8/8		4/4
Mr. Christian Reinaudo (1)	8/8		1/1
Ms. Helen Routh	8/8	5/5	
Mr. Jo Cornu (2)	3/3		3/3
Mr. Pascal Juéry (3)	5/5		
Mrs. Hilde Laga	7/8		3/4
Mr. Mark Pensaert	7/8	4/5	
Mr. Klaus Röhrig	8/8	5/5	

(1) Member NRC as from May 12, 2020

(2) Director and member NRC till May 12, 2020

(3) Director as from May 12, 2020

Management of the Company

CEO and Executive Committee (ExCo)

The Executive Management is at present entrusted to a Managing Director/CEO assisted by an ExCo. Together they represent the Executive Management.

The CEO is responsible for the implementation of the Company's policy and strategy laid down by the Board of Directors. Consequently, he has the most extensive powers regarding day-to-day management as well as a number of specific special powers. These powers are described extensively in the Corporate Governance Charter.

In order to allow the Board of Directors to exercise its control, the CEO regularly reports about his activities and about the development of the subsidiaries and affiliated companies.

CRBA Management BV represented by Christian Reinaudo announced during the meeting of the Board of Directors of January 8, 2020 that he wishes to resign as CEO of the Company as of February 1, 2020.

The Board of Directors decided to appoint PJY Management BV represented by Pascal Juéry as the new CEO.

Since June 30, 2020, date on which Stefaan Vanhooren left the ExCo, the ExCo is composed as follows:
- Mr. Dirk De Man, Chief Financial Officer;
- Mr. Luc Delagaye, President Agfa Offset;
- Mr. Luc Thijs, President Agfa HealthCare.

On May 1, 2021, Mr. Vincent Wille will join the ExCo as President Agfa Digital Print & Chemicals.

Vincent Wille (°1976, Belgian) holds an MBA in General Management from Vlerick Business School and a master degree in Bio-Engineering from Ghent University. He began his professional career at global consulting company Arthur D. Little. In 2009, he joined global chemicals company Tessenderlo Group, where he held various functions, including those of Site Director, Director of the Business Unit Water Treatment and Global Sales and Marketing Director of the Business Unit Gelatins. Six years later, Vincent joined Global Mining and Minerals company Lhoist. At Lhoist, he held management functions in both Belgium and the USA. He became the company's Global Head of Procurement and Chief Innovation Officer in 2019.

Internal control and risk management systems in relation to financial reporting

Agfa's Executive Management is responsible for the Group's internal control and risk system including those regarding financial reporting as approved by the Board of Directors. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems.

Control environment

Agfa's control environment comprised in 2020 of central finance functions such as consolidation and reporting, tax, treasury, investor relations on the one hand and finance functions at the level of the four business divisions on the other hand.
All finance functions report (in-)directly to the Chief Financial Officer. All Group entities follow uniform central accounting policies and reporting requirements which are described in Agfa's Group Consolidation Accounting Manual.

Risk management

Based on review meetings with the central functions and business group management, the Executive Management had, in 2020, a process in place to identify, assess and follow-up on risks including those with regard to the financial reporting process on a regular basis and reports on those risks to the Audit Committee. These risks are being reviewed by the Audit Committee who might define further actions to the Executive Management.

Control activities

In 2020, each business group was responsible for the monitoring of the financial performance and forecasting and reports to the Executive Management. The consolidation process, based on a more extensive reporting, was performed on a quarterly basis and reviewed by the Executive Management and the Audit Committee who might define actions to the business groups and the central functions.

Information and communication

All entities use uniform central reporting tools and report in accordance with the instructions and reporting guidelines set out by the central reporting department. Financial information (including key performance indicators) was prepared on a consistent basis for each business group and at consolidated level and reviewed by the appropriate responsible. The Executive Management reports to the Audit Committee on all key risk factors on a regular basis.

Monitoring

One of the responsibilities of the financial department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting.
Internal Audit performs reviews on the monitoring of internal policies, guidelines and controls both relating to financial reporting and operational matters such as sales, production and R&D. Internal Audit reports to the Audit Committee which monitors the effectiveness.
The Company Secretary has been appointed as Compliance Officer to monitor the Directors' and other designated persons' compliance with the Group's policy with regard to inside information and market manipulation.

Risk factors description

Market, technology and competition risks

As with any company, Agfa is continuously confronted with market and competition risks. In all its businesses Agfa is faced with rapid changes in technology. The Offset business also has been characterized by challenging market conditions and price erosion. Agfa is introducing many new technologies, such as industrial inkjet, direct radiography as well as IT systems for the healthcare market. The marketplace for healthcare IT systems is highly competitive and subject to rapid change.

Cost of raw materials

Agfa relies on other companies to supply certain key raw materials. The most important of these are aluminum and silver. Fluctuating raw material prices and any failure to obtain the needed raw materials on a timely basis could adversely affect Agfa's business, operational result and financial status. Furthermore, Agfa may choose to hedge a portion or the totality of its raw materials exposure, as it deems appropriate.

Product liability

The activities of the Group may expose Agfa to product liability claims. Particularly with respect to its HealthCare activities, Agfa needs to comply completely with regulatory systems in many different countries. To mitigate product liability risks, Agfa has implemented a strict quality policy and control and has concluded a general insurance policy. Agfa has never suffered significant losses with respect to product liability, but there can be no assurance that this will not occur in the future.

Environmental matters

Agfa is subject to many environmental requirements in the various countries in which it operates, including air and waste water emissions, hazardous materials and spill prevention and clean up. Significant operating and capital expenditures are required to comply with applicable standards. Provision is also made for current and reasonably foreseeable compliance and remediation costs. Agfa has assessed and is monitoring possible adverse effect of climate change (exposure to natural disaster in particular) to its operations. This in order to be able to initiate adequate response in case of a major event impacting Agfa's operations and its customers.

Intellectual property

Agfa owns, has applications pending for and is licensed under many patents relating to a variety of products as well as software. The Company relies on a combination of patent, copyright, trademark and trade secret legislation, trade secrets, confidentiality procedures, contractual provisions and license arrangements to establish and to protect its proprietary rights.
On the other hand, the Group has a policy of strictly respecting third parties intellectual property rights. Agfa is not aware that any of its products are infringing upon the intellectual property rights of others. However, there can be no assurance that third parties will not claim such infringements in the future.

Litigation

Agfa is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency, which is commented in detail under Note 45.2 on p. 220 of the financial statements.

Miscellanea

Furthermore, certain risks should be taken into account which could have a negative impact on the Company and its activities. Examples are risks concerning the continuity of production, cybersecurity risks, loss of key management and personnel, extraordinary impairment of assets, pension obligations, changes in currency exchange rates and acquisitions.

Evaluation of the Board of Directors and its Committees

The major features of the evaluation process for the Board of Directors and its Committees include assessing how the Board of Directors and its Committees operate, checking that the important issues are suitably prepared and discussed, evaluating the actual contribution of each Director's work and their involvement in discussions and decision-making. The complete evaluation process is extensively dealt with in the chapters 3, 4 and 5 of the aforementioned Corporate Governance Charter.

The last formal evaluation occurred in 2016, in which an internal evaluation process has taken place on the initiative of the Chairman of the Board and in collaboration with the Chairman of the Nomination and Remuneration Committee, involving contacts with the members of the Board of Directors and of the Executive Management in order to evaluate the functioning of the Board and the Executive Management (on individual level as well as on a corporate body level) on the one hand and the cooperation and relation between both bodies on the other hand. As the majority of the members of the Board have been only recently appointed (in or after 2018), the Board of Directors decided, notwithstanding the provisions of the Corporate Governance Code, to carry out the next formal evaluation only in 2021. The Board of Directors believes that this delay is necessary in order to make a correct evaluation of the functioning of the newly composed Board.
The criteria taken into consideration for the evaluation concerned the size, composition and performance of the Board of Directors and the Committees as well as the quality of the interaction between the Board of Directors and the Executive Management. The results were based on answers given to a questionnaire (containing about seventy questions divided into ten chapters) on the one hand and the feedback provided during individual interviews on the other hand.

In the years where no formal evaluation is scheduled, the Chairman of the Board will informally inquire the Members of the Board and of the Executive Management at regular intervals regarding the functioning of the various corporate bodies.

Diversity

Agfa has policies and procedures in place to ensure the implementation of its vision. Since 2003 the Agfa Board of Directors implemented a policy of equal employment opportunities for all employees and applicants. The Board of Directors stands behind a zero-discrimination policy in which there is no room for discrimination on the grounds of race, religion, political opinion, color, gender, age, nationality, disability or any other legally unacceptable classification.
See p. 60 through p. 66.

Policy regarding the appropriation of the result

The Board of Directors' proposals to the General Meeting of Shareholders with regard to the allocation and distribution of the result take into consideration several factors, such as the Company's financial situation, the operating results, the current and expected cash flows and the plans for expansion.

Policy regarding the dealing in shares of the Company

Consistent with its principles and values, Agfa-Gevaert formulated a Code of Dealing immediately after the IPO in 1999. The Code contains rules with which Directors and members of senior management have to comply in case they wish to deal in financial instruments of the Company. The Code forbids these persons, inter alia, to deal during well-defined periods preceding the announcement of its financial results and the announcement of other price sensitive information.

Taking into account the Market Abuse Regulation, which became effective on July 3, 2016, Agfa-Gevaert has changed this Code to make it compliant with the current legal regulations. The Code of Dealing was last modified on May 12, 2020. The adapted version of the Code is available on the Company's website as part of the Corporate Governance Charter.

Information related to major events subsequent to December 31, 2020 and information on circumstances that could significantly impact the development of the Group

See Note 47 p. 222.

Information on the R&D activities

See p. 7 and p. 86-87.

Information related to the existence of branches of the Company

Agfa-Gevaert NV has a branch office in the United Kingdom (Agfa Materials UK).

Information related to the use of derivative financial instruments

In order to minimize the risk of fluctuations in exchange rates and interest rates, the appropriate hedge contracts were implemented. These mainly include short-term transactions in foreign currencies, option contracts and interest swaps. Their implementation occurs according to uniform guidelines, is subject to internal audits, and is limited to cover for the operational activities, and related money investments and financial transactions.

Further detail hereon is provided in the 'Notes to the Consolidated Financial Statements'.

Non-financial information

See p. 18 through p. 89.

Auditor

Agfa-Gevaert NV's Statutory Auditor is KPMG Bedrijfsrevisoren, represented by Mr. Harry Van Donink. The Statutory Auditor was reappointed at the General Meeting of Shareholders of May 14, 2019, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders to be held in 2022.

Information with regard to important participations

See p. 281

Information related to the implementation of the EU takeover directive

The Board of Directors hereby states that the Annual Report has been drafted in accordance with article 34 of the Royal Decree of November 14, 2007. In this respect the Board of Directors explains that:

- A complete overview of the capital structure dated March 23, 2021, is included in the Annual Financial Report;
- There are no statutory restrictions with respect to the transfer of securities of the Company or to the exercise of voting rights;
- There are no special rights attached to the issued shares of the Company;
- The Company has entered into certain financial agreements which would either become effective, be amended and/or terminated due to any change of control over the Company as a result of a public takeover bid;
- The Company is not aware of the existence of shareholder agreements resulting in restrictions on the transfer of securities and/or on the voting rights;
- The procedure for the appointment and replacement of Members of the Board and the amendment of the Articles of Association of the Company are extensively described in the Articles of association and the Corporate Governance Charter of the Company, both of which can be consulted on the Investor Relations page of the website www.agfa.com;
- The powers of the Board of Directors regarding issuing and purchasing stock are extensively described in article 12 of the Articles of Association of the Company (version May 12, 2020);
- All important agreements entered into as from the date of the Royal Decree mentioned above, to which the Company is a party and which contain a 'change of control' clause, have been submitted for approval to the respective annual meetings;
- The agreements with the members of the Executive Management no longer contain a 'change of control' clause, following which they would receive compensation if their agreement with the Company would terminate as a result of a change of the control over the Company.

General information about the Company

Agfa-Gevaert NV (Company number 0404.021.727, Register of Legal Entities Antwerp) is a listed company under Belgian law, incorporated on June 10, 1964.

The registered office of the Company is located at Septestraat 27, in 2640 Mortsel, Belgium.

The full and annotated financial data and statements are available via the website of the Company, www.agfa.com, or at the registered office of the Company itself. Information with respect to environmental matters can be found in the Sustainability Report of the Company which is integrated in this Annual Report.

Availability of information

The Company's Articles of Association are available at the clerk's office of the commercial court of Antwerp (Belgium) and at the registered office of the Company. They can also be found on the website of the Company, www.agfa.com.

The Corporate Governance Charter and the Code of Dealing can be found on the Investor Relations page of the website, www.agfa.com. The annual accounts are filed with the National Bank of Belgium.

The annual accounts, together with the related reports, are communicated every year to the holders of registered shares and upon request to any interested party.

The Annual Report, the remuneration policy, the statutory and consolidated annual accounts and including the report of the auditor, as well as the remuneration policy, can be found on the website www.agfa.com and at the registered office.

The convocation to the General Meeting of Shareholders is published in the financial press and can also be found on the website. As regards financial information, the financial results and the other required information are published on the website of the Company, in compliance with the guidelines of the Financial Services and Markets Authority (FSMA).

The decisions with respect to the nomination and dismissal of members of the Board of Directors are published in the Annexes to the Belgian State Gazette.

Any interested party can register free of charge on www.agfa.com to receive the press releases and required financial information by e-mail.

The Annual Report is available on the website www.agfa.com, in Dutch and English.

Remuneration Report

The Nomination and Remuneration Committee (NRC) meets at least three times a year to, among other things, develop proposals to the Board on the remuneration policy and level for the Directors and the members of the Executive Management.
The NRC had four meetings in 2020 and the following agenda items, among others, were discussed: the composition of the Board of Directors and its Committees, the succession of the CEO, the remuneration policy, the performance and remuneration of the Executive Management and Senior Executives, pension liabilities and the preparation of the Remuneration Report.
In 2020, the NRC was particularly attentive to changes that emerged as a result of new regulations (such as SRD II, the new Companies and Associations Code and the Belgian Corporate Governance Code 2020), and used these changes to review the Group's remuneration policy in detail.
The NRC would like to refer to the Annual Financial Report of the Group for a detailed description of the operating results that have affected the results of the different divisions of the Group, and consequently the remuneration of the Executive Management.

There were several changes in the composition of the Board of Directors and the Committees during the year 2020. These changes have had an impact on the remuneration of the directors, and should therefore be taken into consideration when comparing with remuneration in previous years. Mr. Jo Cornu (as permanent representative of Mercodi BV) resigned his directorship in 2020. In the Board of Directors, he was replaced by Mr. Pascal Juéry (as permanent representative of PJY Management BV) and as member and Chairman of the NRC he was replaced by Mr. Christian Reinaudo. Mr. Klaus Röhrig resigned his assignment as Chairman of the Board, and was replaced in that role by Mr. Frank Aranzana (as permanent representative of Vantage Consulting BV).
There were also changes at the Executive Management level. Mr. Pascal Juéry took over the CEO role from Mr. Christian Reinaudo in February 2020. Mr. Stefaan Vanhooren, a member of the Executive Committee, left the company at the end of June 2020.

Remuneration results for the year 2020

Remuneration policy

The new remuneration policy, which will be submitted for approval to the shareholders at the Annual Meeting to be held on May 11, 2021, is available on the Company's website: www.agfa.com/investor-relations. Upon shareholder approval, Agfa-Gevaert will have a remuneration policy that is aligned with the Shareholders' Rights Directive II, the Companies and Associations Code and the Corporate Governance Code 2020.

Remuneration of Directors and members of the Committees

The current remuneration policy for Directors and members of the Committees was established at the Annual Meeting held in 2006 and varies according to the number of meetings attended. The remuneration of the Chairman of the Board was decided in 2008 and is an all-inclusive fee. Due to the impact of the SARS-CoV-2 virus, all members of the Board decided to waive 10% of the fees payable in 2020. Further details on the remuneration for fiscal year 2020 are provided later in this remuneration report.

Remuneration of the members of the Executive Management

- Bonus payments. The bonus payment for the CEO is described later in this report. In line with the current remuneration policy, the Global Bonus Plan for the other members of the Executive Management now consists of four elements:

- A three-year target that will be applied for 25% of the on-target bonus. The 3-year parameter is a combination of top line result and EBITDA/Sales%. Both elements will be equally weighed, so both applied for 12.5% of the on target bonus. For both elements, a bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold.
- A two-year target that also will be applied for 25% of the on-target bonus. The two-year parameter is EBITDA/Sales%. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold.
- A one-year collective performance target that will be applied for 40% of the on-target bonus. The one-year parameter is EBITDA. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. Pay-out is linear between the bottom threshold and 130% of the target. As from 131% of the target, pay-out is accelerated.
- One-year individual performance targets that will be applied for 10% of the on-target bonus. The individual performance targets can be achieved up to a maximum of 100%.

The impact of the Global Bonus Plan on the remuneration of the Executive Committee in the year 2020 is further specified in this Remuneration Report. The Executive Management waived any bonus payment related to the personal targets for 2020, although most of these were achieved.

- SARS-CoV-2. Executive Management made a voluntary 10% payroll deduction for three months and the payment of bonuses earned under the Global Bonus Plan 2019 was adjourned for several months.

- Exceptional projects. In 2020, Executive Management delivered some exceptional projects, which have a significant impact on the future development of the Group, such as the sale of part of the Agfa HealthCare business to Dedalus and the further implementation of the strategic alliance with Lucky HuaGuang Graphics Co. Ltd. Given the exceptional character and nature of these projects and given their importance for the Agfa-Gevaert Group and its stakeholders, the Board of Directors had decided, upon recommendation of the Nomination and Remuneration Committee, to offer an exceptional bonus (on top of the Global Bonus Plan) to members of the Executive Management if these projects were delivered within the agreed deadlines and in accordance with the business plans. The impact of this on the remuneration of Executive Management in the year 2020 is further specified in this Remuneration Report.

Dialogue with Shareholders

The Annual Meeting held on May 12, 2020, approved the previous remuneration report with 99.4% of the votes. When drafting and revising its remuneration policy, Agfa-Gevaert takes into account the votes and suggestions of its shareholders. Agfa-Gevaert invites its shareholders to an open and transparent communication on its remuneration policy and other Corporate Governance aspects.

Remuneration policy 2020 in summary

Board of Directors

As stipulated in the current policy, non-executive Directors receive a fixed fee and possibly an attendance fee. The non-executive Directors do not receive any performance-related remuneration directly related to the Company's results. The non-executive Directors also did not receive any part of their remuneration in the form of shares of the company for the fiscal year 2020. In accordance with the policy, non-executive board members do not receive equity-related remuneration as referred to under provision 7.6 of the 2020 Corporate Governance Code. Agfa adheres to Principle 6 of the Code and considers that remunerating the non-executive directors entirely in cash serves better the avoidance of any conflicts of interests and guarantees their complete independence of mind. Expenses (e.g. for intercontinental or international travel) are reimbursed separately.
The CEO only receives compensation as a member of the Executive Management. He does not receive a separate fee for his role as Executive Director.

Executive Management

The remuneration policy was revised when Mr. Juéry joined the company as CEO. The new remuneration policy to be submitted for approval to the annual meeting to be held in 2021 builds on the approach taken in the contractual arrangements with Mr. Juéry. This new policy, if approved, will be rolled out further as new members join the Executive Committee or whenever the current members of the Executive Committee wish to adapt their existing contractual arrangements to such new policy. The NRC regularly reviews the appropriateness of remuneration for executive management and, where necessary, makes proposals to the Board of Directors for changes.

The remuneration of the CEO consists of a fixed remuneration, a short-term variable remuneration and a long-term variable remuneration. The allocation and amount of short-term variable compensation depends on the Group results and on the achievement of personal objectives set by the Board of Directors. The long-term variable compensation was embedded in a Stock Appreciation Rights Plan and may lead to an additional cash bonus.
The main elements of this Stock Appreciation Rights Plan are:
- Mr. Juéry will be granted 200,000 Stock Appreciation Rights annually for a period of five years, commencing on February 1, 2020.
- The strike price for these Stock Appreciation Rights has been set for the year 2020 at 4.75 Euro (to be adjusted downwards for any dividend distribution). As of 2021, the strike price is depending on the average closing price of the Agfa-Gevaert share during the 30 days preceding the grant date.
- The Stock Appreciation Rights vest at the end of each calendar year for a period of three years at a rate of one-third of each grant.
- The Stock Appreciation Rights can be exercised at the earliest three years after grant.

In addition, Mr. Juéry is entitled to reimbursement of reasonable international travel expenses and representation expenses.

The remuneration of the current members of the Executive Committee consists of a fixed remuneration and a variable remuneration. The cash component of the variable compensation is earned 50% on the basis of achieving targets of no more than one year and 50% on the basis of multi-year targets. The variable compensation may be partially converted into a pension contribution. In addition, the members of the Executive Committee are entitled to certain benefits in kind, such as a company car, a representation allowance, meal vouchers and various insurances.

Acquired compensation for the year 2020

Board of Directors

Table 1 - Compensation of the Directors for the reported fiscal year. The Directors do not receive any compensation from other companies of the Agfa-Gevaert Group.

IN EURO	Fixed remuneration			Variable remuneration		Extraodinary items	Pension	TOTAL REMUNERATION	Proportion of fixed and variable remuneration	
	Board fee	Committee fee	Other benefits	One-year variable	Multi-year variable					
Frank Aranzana (1)	126,875	3,125	-	-	-	-	-	**130,000**		
Pascal Juéry (2)	-	-	-	-	-	-	-	**-**		
Mark Pensaert (3)	50,000	25,000	-	-	-	-	-	**75,000**		
Christian Reinaudo (4)	52,500	7,500	-	-	-	-	-	**60,000**		
Klaus Röhrig (5)	105,625	7,292	-	-	-	-	-	**112,917**		
Helen Routh (6)	52,500	12,500	-	-	-	-	-	**65,000**		
Hilde Laga (7)	50,000	7,500	-	-	-	-	-	**57,500**		
									Fixed:	100.00%
TOTAL	**437,500**	**62,917**	**0**	**0**	**0**	**0**	**0**	**500,417**	Variable:	0.00%

CEO

Table 2 - CEO compensation. Effective February 1, 2020, Mr. P. Juéry took over the CEO position from Mr. C. Reinaudo.

IN EURO	Fixed remuneration			Variable remuneration		Extraodinary items	Pension	TOTAL REMUNERATION	Proportion of fixed and variable remuneration (*)	
	Base remuneration	Fees	Other benefits	One-year variable	Multi-year variable					
Pascal Juéry (2) - CEO	642,000	-	-	-	-	-	-	**642,000**		
Christian Reinaudo (4)	87,358	11,400	18,531	36,292	-	3,826,194	-	**3,979,775**	Fixed:	95.44%
TOTAL	**729,358**	**11,400**	**18,531**	**36,292**	**-**	**3,826,194**	**-**	**4,621,775**	Variable:	4.56%

(1) Chairman of the Board and member of the Nomination and Remuneration Committee. Permanent representative of Vantage Consulting BV.

(2) Executive director (CEO). Permanent representative of PJY Management BV.

(3) Non-executive director and member of the Audit Committee. Permanent representative of MRP Consulting BV.

(4) Non-executive director and chairman of the Nomination and Remuneration Committee. Permanent representative of CRBA Management BV until the end of January 2021. As natural person as of February 2021.

(5) Non-executive director and member of the Audit Committee.

(6) Non-executive director and member of the Audit Committee.

(7) Non-executive director and member of the Nomination and Remuneration Committee.

(*) Extraordinary items were not taken into account for the calculation of the proportion of fixed and variable remuneration.

Executive Committee

Table 3 - Aggregated remuneration of the members of the Executive Committee in 2020.

IN EURO	Fixed remuneration			Variable remuneration		Extraordinary items	Pension	TOTAL REMUNERATION	Proportion of fixed and variable remuneration (*)	
	Base remuneration	Fees	Other benefits	One-year variable	Multi-year variable					
Executive Committee	1,100,555	307,800	63,158	-	-	1,821,397	238,818	**3,531,729**	Fixed:	100.00%
TOTAL	**1,100,555**	**307,800**	**63,158**	**-**	**-**	**1,821,397**	**238,818**	**3,531.,729**	Variable:	0.00%

(*) Extraordinary items were not taken into account for the calculation of the proportion of fixed and variable remuneration.

Further explanation of the allocated remuneration to the Executive Management (tables 2 and 3):

The variable remuneration of the members of the Executive Management was negatively affected by the results of the Company as the realized EBITDA did not lead to a bonus payment. On top, the Executive Management also waived any bonus payment related to the personal targets, although most of these were achieved.

In the column 'Extraordinary items' the exceptional bonus to members of the Executive Management related to the sale of part of the Agfa HealthCare business to Dedalus and the further implementation of the strategic alliance with Lucky HuaGuang Graphics Co. has been indicated. For some members of the Executive Committee, a second part of the payment has been deferred to 2021.

This extraordinary and exceptional item has not been taken into account for the calculation of the proportion of fixed and variable remuneration.

Share-based compensation

Mr. Pascal Juéry is the only person within the Executive Management to receive stock-based compensation as long-term variable compensation.

Table 4 - Remuneration in share related plans

		Main conditions of the plan					Information regarding the reported financial year			
							Opening balance	In the course of the year		Closing balance
	Specification of the plan	Award date	Vesting date	End of retention period	Exercise period	Strike price	Rights held at beginning of the year	a) # Options awarded b) Value underlying shares @ offer date	a) # Options vested b) Value underlying shares @ vesting date c) Value @ strike price d) Gain @ vesting date	Rights awarded and unvested
Pascal Juéry [1]	SAR 2020	1/02/2020	1/02/2021	2/1/2023	1/02/2023 -	4.75 Euro	-	a) 200,000	a) 0	200,000
	SAR 2020		1/02/2022		unlimited(*)			b) 405,935 Euro	b) 0	
	SAR 2020		1/02/2023						c) 0	

(1) Executive director (CEO). Permanent representative of PJY Management BV.

(*) But no later than December 31 of the year following the year in which the agreement with the CEO comes to an end.

Severance payments

Mr. Vanhooren left the company during the year 2020. He did not have an explicit contractual severance clause and was therefore subject to the application of general Belgian law on the subject. Upon his departure, the Group did not invoke the contractual non-compete clause. Consequently, Mr. Vanhooren was not entitled to an additional indemnity equal to 75% of the gross remuneration for the 12 months of the non-compete clause. Consequently, the severance payment for Mr. Vanhooren amounted to 1,641,473 Euro.

Comparative information

Table 5 provides comparative information regarding the annual change in remuneration and performance, as well as the ratio between the highest remuneration of members of Executive Management and the lowest remuneration (in full-time equivalent) of employees.

Only active board members have been taken into account.

The evolution in remuneration for the CEO is a combination of company performance related remuneration and the change of CEO in 2020. No extraordinary items have been taken into account for the ease of comparison.

The evolution in aggregated remuneration for the Executive Committee members is a combination of company performance related remuneration and some changes in the Executive Management over the year. No extraordinary items have been taken into account, nor severance packages, for the ease of comparison.

We are reporting for the first time the average remuneration of the employees on a full-time equivalent base. For the average remuneration of the employees of the company only employees in Belgium have been considered. The average remuneration of the employees of the Group takes into account all employees wordwide.

Table 5 - Comparative table on the remuneration and Company performance over the last five reported financial years (RFY).

	RFY-4 vs RFY-5	RFY-3 vs RFY-4	RFY-2 vs RFY-3	RFY-1 vs RFY-2	RFY vs RFY-1	Information regarding the RFY
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	
Frank Aranzana (1)					141%	Became chairman
Mark Pensaert (2)				-7%	8%	
Christian Reinaudo (3)	0%	0%	0%	-10%	27%	
Klaus Röhrig (4)					-30%	No longer chairman
Helen Routh (5)					16%	
Hilde Laga (6)	50%	0%	12%	-10%	-9%	
CEO (excl. Agfa-Gevaert NV director fee)	7%	-15%	10%	3%	-50%	
Executive Committee	10%	-17%	14%	1%	-43%	
Company performance						
Financial metric A: revenue	-4%	-4%	-10%	2%	-24%	
Financial metric B: EBITDA	10%	-16%	-18%	21%	-55%	
Financial metric C: Net profit	13%	-44%	-133%	-220%	-4%	
Average remuneration of employees, on a full-time equivalent base						
Employees of the company					71,885 Euro	
Employees of the Group					61,070 Euro	
Ratio highest/lowest remuneration					22.5	

(1) Chairman of the Board and member of the NRC. Permanent representative of Vantage Consulting BV.

(2) Non-executive director and member of the Audit Committee. Permanent representative of MRP Consulting BV.

(3) Non-executive director and chairman of the NRC. Permanent representative of CRBA Management BV until the end of January 2021. As natural person as of February 2021.

(4) Non-executive director and member of the Audit Committee.

(5) Non-executive director and member of the Audit Committee.

(6) Non-executive director and member of the NRC.

GRI index table

Disclosure	GRI	Description	Cross-Reference
Organizational profile	102-1	Name of the organization	Annual report p. 263 Corporate Governance Charter 1.1 on www.agfa.com
	102-2	Activities, brands, products, and services	Annual report p. 12-13 Annual report p. 96-130
	102-3	Location of headquarters	Annual report p. 12-15
	102-4	Location of operations	Annual report p. 12-15
	102-5	Ownership and legal form	Annual report p. 263 Annual report p. 281
	102-6	Markets served	Annual report p. 12-13 Annual report p. 96-130
	102-7	Scale of the organization	Annual report p. 11 Annual report p. 217-219
	102-8	Information on employees and other workers	Annual report p. 53-72
	102-9	Supply chain	Agfa Supplier Code of Conduct on www.agfa.com
	102-10	Significant changes to the organization and its supply chain	Annual report p. 128
	102-11	Precautionary Principle or approach	Annual report p. 85
	102-12	External initiatives	REACH, ISO
	102-13	Membership of associations	Annual report p. 26
Strategy	102-14	Statement from senior decision-maker	Annual report p. 4-9
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Annual report p. 88-89 Code of Conduct on www.agfa.com
Governance	102-18	Governance structure	Annual report p. 252-263 Corporate Governance Charter on www.agfa.com
	102-32	Highest governance body's role in sustainability reporting	Annual report p. 22
Stakeholder engagement	102-40	List of stakeholder groups	Annual report p. 24
	102-41	Collective bargaining agreements	Annual report p. 75
	102-42	Identifying and selecting stakeholders	Annual report p. 18-19
	102-43	Approach to stakeholder engagement	Annual report p. 18
	102-44	Key topics and concerns raised	Annual report p. 24-27
Reporting practice	102-45	Entities included in the consolidated financial statements	Annual report p. 217-219
	102-46	Defining report content and topic	Annual report p. 4-9 and p. 19-27
	102-47	List of material topics	Annual Report p. 19-21
	102-48	Restatements of information	Annual report p. 90
	102-49	Changes in reporting	n.y.a.
	102-50	Reporting period	January 1, 2020 - December 31, 2020
	102-51	Date of most recent report	April 2020
	102-52	Reporting cycle	Yearly
	102-53	Contact point for questions regarding the report	Investor Relations see Annual Report p. 281
	102-54	Claims of reporting in accordance with the GRI Standards	Annual Report p. 27
	102-55	GRI content index	Annual report p. 272
	102-56	External assurance	Annual report p. 243-248

n.y.a. is not yet available

GRI Environmental indicators

GRI 300	**Management systems**
GRI 301-2	Recycled input materials used
GRI 302-1	Energy consumption within the organization
GRI 302-3	Energy intensity
GRI 302-4	Reduction of energy consumption
GRI 303-5	Water consumption
GRI 305-1	Direct (Scope 1) GHG emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions
GRI 305-3	Other indirect (Scope 3) GHG emissions
GRI 305-4	GHG emissions intensity
GRI 305-5	Reduction of GHG emissions
GRI 305-6	Emissions of ozone-depleting substances (ODS)
GRI 305-7	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions
GRI 306-3	Waste generated
GRI 306-4	Waste diverted from disposal
GRI 306-5	Waste directed to disposal

Glossary

AOX
Sum of organic halogen compounds in water that can be adsorbed by activated carbon under standardized conditions.

capacitive sensor
A capacitive sensor detects anything that is conductive or has a dielectric different from that of air. Capacitive sensors replace mechanical buttons.

chemistry-free (printing plate)
A printing plate that does not require chemical processing after imaging.

CO_2
Carbon dioxide, generated by combustion of fuel.

COD
Chemical oxygen demand, the amount of oxygen needed for chemical oxidation of constituents of water.

computed radiography (CR)
The technology of making X-ray images with conventional X-ray equipment but whereby the images are captured on reusable image plates, instead of X-ray film. The information on the plates is read by a digitizer and provides a digital image. Dedicated image processing software (such as Agfa HealthCare's MUSICA) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a Picture Archiving and Communication System.
see also direct radiography

computer-to-plate (CtP)
A process whereby the pages or artwork of printed matter – e.g. the pages of newspapers or magazines – are digitally imaged onto printing plates directly from computer files without the intermediate step of film.

conductive ink
Conductive inks are typically used for printed electronics applications such as: printed busbars and conductors in membrane keyboards and switches, RFID antennas, touch screen panels,...
Agfa's ORGACON nano-silver inks feature very high conductivity with a low silver deposition and support high-resolution patterning. ORGACON advantages are: patterning of micro-grid electrodes by screen-printing, high-conductive traces at low thickness and width, formability and flexibility.

CT (computed tomography)
A CT scanner uses a series of X-rays to create image 'slices' of the body. Agfa's product portfolio does not include CT scanners, but its Picture Archiving and Communication Systems (PACS) are used for the management and the (3D) visualization of the digital images. Agfa's hardcopy printers are used to produce high quality prints of the images.

CtP
see computer-to-plate

digital radiography
A form of X-ray imaging, where digital technology is used instead of traditional photographic X-ray film. The most commonly used digital radiography technologies are computed radiography and direct radiography.

direct radiography (DR)
Radiographic technology that converts X-ray energy into digital data without the use of intermediate image capturing plates or films. These digital data generate a diagnostic image on a PC. As the data are digital, a wide range of possibilities is available for image optimization or completion as well as for archiving the images on Picture Archiving and Communication Systems. DR systems are mostly used in centralized radiology environments.
see also computed radiography

e-health
Term used to describe the application of information and communication technologies in the health sector.

Electronic Health Record
An Electronic Health Record is created when a person's Electronic Patient Record is linked to his/her non-medical electronic files from organizations such as governments and insurance companies.

Enterprise Imaging
Agfa HealthCare's Enterprise Imaging platform unites departmental PACS, RIS, advanced 3D functionalities, voice recognition, vendor-neutral archiving, viewer and mobile functionalities. The solution enhances and speeds up image acquisition and retrieval, optimizes system efficiency and performance, enhances patient care, and allows true collaboration across departments, hospitals or regions.

flexo(graphic) printing
Method of printing using flexible, rubber or synthetic printing plates attached to rollers. The inked image is transferred from the plate directly to the paper, or other substrate.

hardcopy
A hardcopy is the printed version of a digital image. Agfa HealthCare's hardcopy printers are used for printing medical images from various sources: CT scans, MRI scans, computed

radiography (CR), direct radiography (DR), etc. Agfa produces both the so-called 'wet' and 'dry' printers. Wet laser technology implies the use of aqueous chemical solutions to develop the image.
The environmentally friendly dry technology prints the image directly from the computer onto a special film by thermal effect.

Hospital Information System (HIS)
These comprehensive, integrated IT solutions manage the medical, administrative, financial and legal aspects of a healthcare organization.

image processing software
These software applications analyze medical digital images and automatically apply image enhancement techniques to better visualize all details. They improve the workflow in the radiography department and allow the radiologist to work faster and more accurately. Agfa HealthCare's MUSICA software is generally accepted as a standard in the market.

inkjet (system)
Any printer that transfers extremely small droplets of ink onto paper to create an image, from small models for office use over medium models – e.g. for poster printing – to larger equipment for industrial applications.

integrated care solutions
These solutions integrate all healthcare providers, social care organizations, patients, and other stakeholders of whole regions and countries in a virtual network. They collect and analyze data from all stakeholders in order to predict and prevent possible healthcare-related complications, including over and under capacity in hospitals and medical errors. They can play a major role in the management of chronic diseases and they can make it possible to detect developing health issues in a population in an early stage.

membrane
Thin, flexible layer or material designed to separate components of a solution.

membrane switch
A membrane switch is an electrical switch for turning a circuit on and off. Membrane switches are user-equipment interface utilities which can be as simple as a tactile switch for controlling lightning, or as complex as membrane keyboards and switch panels for computers.

modalities
In this report this term is used for the various imaging systems, including radiography equipment, MRI scanners and CT scanners. These systems can all be connected to an Agfa HealthCare Picture Archiving and Communication System (PACS).

MRI (Magnetic Resonance Imaging)
The MRI scanner uses very strong magnetic fields and creates images by pulsing radio waves that are directed at the parts of the body to be examined. Agfa's product portfolio does not include MRI scanners but its Picture Archiving and Communication Systems (PACS) are used for the management and visualization of the digital images. Agfa's hardcopy printers are used to
produce high quality prints of the images.

N
Nitrogen.

non-destructive testing
To check the structure and tolerance of materials without damaging or deforming them.

NO_x
Nitrogen oxide, generated for example as a result of combustion with air.

offset printing
Printing technique where thin aluminum printing plates are wrapped and fixed round a cylinder on a (litho) printing press. While rotating, the printing plates obtain ink and water. The ink adheres to the image whilst the water prevents ink adhering to the non-printing areas. The inked image is transferred onto a rubber blanket attached to a second cylinder and then transferred from the blanket to the paper or another medium.

OHSAS 18001
International standard for health and safety management systems (OHSAS stands for Occupational Health and Safety Assessment System).

P
Phosphor.

PACS
see Picture Archiving and Communication System

PET (polyethylene terephthalate or polyester)
Polyethylene terephthalate or polyester is a chemical prepared with a base of ethylene glycol and terephtalic acid. It is the basic raw material for the substrate of photographic film; it is coated with different types of purpose specific chemical layers, such as for medical and graphic purposes.

Picture Archiving and Communication System (PACS)
PACS was originally developed to efficiently manage the distribution and archiving of diagnostic images produced by

radiology departments. Due to specific software developments, Agfa HealthCare's systems are also suitable for use by other departments in the hospital, such as cardiology, orthopedics and women's care. Extensive PACS systems are also used to connect all hospital departments that intensively use clinical images on one network. Agfa's MUSICA software is used to process and optimize the images on the PACS system.

platesetter
A platesetter digitally images the pages or artwork of printed matter from the computer onto printing plates, which are then processed and mounted on a printing press.

polymer
A polymer is a large molecule composed of many smaller units (monomers) joined together. Polymers can be natural (e.g. proteins and rubber) or manmade (e.g. plastics and nylon). Conductive polymers conduct electricity. ORGACON™ is the trade name for Agfa Digital Print & Chemicals' conductive polymer product line.

prepress
The preparation and processing of content and document files for final output to printing plates, including high-resolution scanning of images, color separation, different types of proofs, etc.

printed circuit board (PCB)
A thin plate on which chips and other electronic components are placed. Computers consist, principally, of one or more boards.

printing plate (for computer-to-plate)
Printing plates consist of a high-quality grained and anodized aluminum substrate and a (silver or photopolymer) coating. The lasers used to expose these plates typically operate on thermal energy or visible light. The coatings respond to the laser energy creating chemical/physical changes to the plate surface. CtP plates are chemically processed to create a press-ready plate, though some CtP plate technologies are process-free.

Radiology Information System (RIS)
Agfa's RIS solutions are marketed under the name IMPAX. A RIS is a computer-based solution for the planning, follow-up and communication of all data relating to patients and their examinations in the radiology department, i.e. starting from the moment that an examination is requested up to the radiologist's report. The RIS is strongly linked with the Picture Archiving and Communication System (PACS)
(for the images contained in the examinations).

RFID antenna
RFID stands for radio-frequency identification. It is the use of radio signals to transfer data from a tag attached to an object or embedded in an ID card, for the purposes of automatic identification. The system does not require physical contact between the tag and the identification device as the data are transmitted via an antenna, which is also embedded in e.g. the ID card.

screen printing
The printing procedure, during which a viscous ink is applied through a metal or nylon gauze onto the paper. The gauze is made impermeable – by use of stencils – in the non-printing parts.

UV LED ink
UV LED (curable) inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV LED light. UV LED stands for ultraviolet light
emitting diode. The advantage of UV LED curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

VIC
Volatile inorganic compounds.

VOC
Volatile organic compounds.

wide-format (printer)
A wide-format printer – sometimes also referred to as a large format printer – is a digital printer that prints on sheets or rolls 24-inches/60 cm wide or more.

workflow software
Software that allows operators to control the prepress process with a software interface. It also streamlines the flow of work by automating individual steps in the process – thus saving time and reducing costs.


GEVAERT
AGFA

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 2016-2020

MILLION EURO	2016	2017	2018	2019 Re-presented	2020
Revenue	**2,537**	**2,443**	**2,191**	**1,975**	**1,709**
Cost of sales	(1,680)	(1,629)	(1,489)	(1,387)	(1,215)
Gross profit	**857**	**814**	**701**	**589**	**494**
Selling expenses	(344)	(336)	(306)	(271)	(223)
Administrative expenses	(167)	(169)	(172)	(157)	(144)
Research and development expenses	(141)	(144)	(141)	(103)	(95)
Net impairment loss on trade and other receivables, including contract assets	-	(2)	(5)	(5)	(2)
Other operating income	98	68	56	41	39
Other operating expenses	(137)	(93)	(73)	(127)	(123)
Results from operating activities	**166**	**138**	**62**	**(34)**	**(52)**
Interest income (expense) - net	**(8)**	**(7)**	**(8)**	**(8)**	**(4)**
Other finance income (expense) - net	**(43)**	**(32)**	**(31)**	**(28)**	**(26)**
Net finance costs	**(51)**	**(39)**	**(39)**	**(36)**	**(31)**
Share of profit of associates - net of tax	-	(1)	(1)	-	-
Profit (loss) before income taxes	**115**	**98**	**22**	**(70)**	**(83)**
Income tax expense	(35)	(53)	(34)	(14)	(15)
Profit (loss) from continuing operations	**80**	**45**	**(12)**	**(84)**	**(98)**
Profit (loss) from discontinued operations - net of tax	**-**	**-**	**(3)**	**36**	**719**
Profit (loss) for the period	**80**	**45**	**(15)**	**(48)**	**621**
Profit (loss) attributable to:					
Owners of the Company	70	37	(24)	(53)	613
Non-controlling interests	10	8	9	5	7
Earnings per share (Euro)					
Basic earnings per share (Euro)	0.42	0.22	(0.14)	(0.32)	3.66
Diluted earnings per share (Euro)	0.42	0.22	(0.14)	(0.32)	3.66

During 2018, the Group has consistently applied its accounting policies used in previous years, except for the presentation of the statement of profit or loss and comprehensive income that has changed resulting from the application of the new IFRS standard IFRS 9 'Financial Instruments'. According to this new standard the impairment losses on trade and other receivables are now shown on the face of the statement of profit or loss.

The Group has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There has been no impact to retained earnings of initially applying IFRS 16 at the date of initial application.

Compliant with IFRS 5.33, the Company has disclosed in its Consolidated Statements of Profit or Loss and Comprehensive Income, a single amount comprising the total of the post-tax profit of discontinued operations and the post-tax gain on the disposal of the net assets constituting the discontinued operation. The Group has sold its reseller business in the US (July 2019) and part of Agfa HealthCare's IT business (May 2020). Therefore, the Company has re-presented these disclosures for prior periods presented being FY 2019.

This footnote refers to the table Consolidated Statement of Financial Position 2016-2020 on p. 279.

During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the balance sheet that has changed resulting from the application of the new IFRS standard 15 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

The new standard has introduced the concept of contract assets and contract liabilities. At December 31, 2017, these assets and liabilities were included in other captions of the balance sheet. At January 1, 2018, recognized not billed revenue amounting to 84 million Euro, previously comprised in trade receivables, has been reclassified to contract assets. Reclassifications from inventory to contract assets amounted to 11 million Euro and mainly comprised work in progress. The reclassification from other assets to contract assets amounted to 10 million Euro and related to contracts with a third party that provides supporting services enabling the Group to deliver maintenance services to the customers.

On the liability side, contract liabilities at January 1, 2018, comprised 'Deferred revenue and advance payments received from customers' amounting to 128 million Euro, previously presented separately on the face of the balance sheet and bonuses and rebates related to goods and service purchased by customers during the period. The latter amounted to 17 million Euro and was previously presented as part of trade-related provisions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2016-2020

MILLION EURO	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	**Dec. 31, 2019**	**Dec. 31, 2020**
ASSETS					
Non-current assets	**1,066**	**985**	**1,019**	**1,060**	**714**
Intangible assets and goodwill	621	589	615	566	284
Property, plant and equipment	198	190	174	142	127
Right-of-use assets	-	-	-	110	78
Investments in associates	6	5	4	4	-
Other financial assets	10	11	9	8	7
Trade receivables	12	14	16	21	15
Receivables under finance lease	57	55	62	62	68
Other assets	13	6	24	24	16
Deferred tax assets	149	115	114	125	120
Current assets	**1,286**	**1,248**	**1,348**	**1,234**	**1,490**
Inventories	483	487	498	436	389
Trade receivables	493	503	420	408	297
Contract assets	-	-	105	100	64
Current income tax assets	64	63	71	75	63
Other tax receivables	25	23	25	25	15
Financial assets	-	-	-	-	9
Receivables under finance lease	30	30	30	34	29
Other receivables	13	14	14	15	9
Other current assets	45	44	34	21	18
Derivative financial instruments	4	16	1	1	9
Cash and cash equivalents	129	68	141	107	585
Non-current assets held for sale	-	-	10	10	4
TOTAL ASSETS	**2,352**	**2,233**	**2,367**	**2,294**	**2,204**
EQUITY AND LIABILITIES					
Total equity	**252**	**307**	**290**	**130**	**620**
Equity attributable to owners of the Company	**215**	**275**	**252**	**83**	**570**
Share capital	187	187	187	187	187
Share premium	210	210	210	210	210
Retained earnings	841	878	854	803	1,412
Other reserves	(79)	(69)	(93)	(84)	(76)
Translation reserve	32	(8)	(9)	(5)	(42)
Post-employment benefits: remeasurements of the net defined benfit liability	(976)	(923)	(897)	(1,028)	(1,122)
Non-controlling interests	**37**	**32**	**38**	**47**	**51**
Non-current liabilities	**1,382**	**1,241**	**1,336**	**1,402**	**1,045**
Liabilities for post-employment and long-term termination benefit plans	1,264	1,149	1,066	1,137	956
Other employee benefits	13	13	13	12	13
Loans and borrowings	74	47	219	225	54
Provisions	4	5	9	5	16
Deferred tax liabilities	19	21	22	19	4
Trade payables	6	4	2	2	-
Contract liabilities	-	-	3	1	2
Other non-current liabilities	2	2	2	1	1
Current liabilities	**718**	**685**	**740**	**761**	**538**
Loans and borrowings	37	39	66	101	29
Provisions	74	66	52	45	63
Trade payables	219	220	217	232	198
Contract liabilities	-	-	163	151	103
Deferred revenue and advance payments	141	128	-	-	-
Current income tax liabilities	56	53	47	49	23
Other tax liabilities	37	34	27	38	24
Other payables	11	12	17	9	8
Employee benefits	132	128	134	130	88
Other current liabilities	3	3	4	1	1
Derivative financial instruments	8	2	13	5	2
TOTAL EQUITY AND LIABILITIES	**2,352**	**2,233**	**2,367**	**2,294**	**2,204**

CONSOLIDATED STATEMENT OF CASH FLOWS 2017-2020

MILLION EURO	2017 restated [1]	2018	2019	2020
Profit (loss) for the period	**45**	**(15)**	**(48)**	**621**
Income taxes	53	34	28	8
Share of (profits)/loss of associates, net of tax	1	1	1	-
Net finance costs	39	39	38	31
Operating result	**138**	**59**	**19**	**660**
Depreciation, amortization and impairment losses	**56**	**60**	**171**	**70**
Other non-cash expenses	**153**	**168**	**159**	**(526)**
Change in inventories	(41)	(57)	50	25
Change in trade receivables	(39)	(8)	4	50
Change in contract assets	-	4	7	(10)
Change in trade working capital assets [2]	**(80)**	**(61)**	**62**	**64**
Change in trade payables	7	(4)	19	2
Change in deferred revenue and advance payments	(5)	-	-	-
Change in contract liabilities	-	25	(13)	23
Changes in trade working capital liabilities [2]	**2**	**21**	**6**	**25**
Changes in trade working capital	**(78)**	**(40)**	**68**	**89**
Cash out for employee benefits	(199)	(209)	(226)	(403)
Cash out for provisions	(19)	(25)	(36)	(37)
Changes in lease portfolio	-	(11)	(9)	(3)
Changes in other working capital	11	(29)	18	15
Cash settled operating deriviatives	-	13	(16)	(3)
Cash generated from operating activities	**62**	**(14)**	**147**	**(136)**
Income taxes paid	(22)	(30)	(24)	(17)
Net cash from / (used in) operating activities	**40**	**(44)**	**123**	**(153)**
Capital expenditure	(46)	(40)	(38)	(33)
Proceeds from sale of intangible assets and PP&E	6	5	7	9
Acquisition of subsidiaries, net of cash acquired	(2)	(25)	(16)	(1)
Disposal of discontinued operations	-	-	16	915
Proceeds from sale of other investments and non-current assets held for sale	-	-	1	-
Interests received	1	3	3	2
Net cash from / (used in) investing activities	**(41)**	**(57)**	**(28)**	**892**
Interests paid	(9)	(15)	(15)	(7)
Dividends paid to non-controlling interests	(10)	(3)	-	-
Proceeds from borrowings	-	227	127	59
Repayment of borrowings	(23)	(34)	(201)	(259)
Payment of finance leases	-	(1)	(42)	(34)
Change in borrowings	(23)	192	(116)	(234)
Proceeds / (payment) of derivatives	-	(1)	3	(9)
Other financing income/(costs) incurred	-	(2)	(3)	-
Other financial flows	(13)	2	-	-
Net cash from (used in) financing activities	**(55)**	**175**	**(131)**	**(249)**
Net increase / (decrease) in cash & cash equivalents	**(56)**	**74**	**(36)**	**490**
Cash & cash equivalents at the start of the period	**127**	**67 [3]**	**136**	**99**
Net increase/(decrease) in cash & cash equivalents	(56)	74	(36)	490
Gain/losses (in marketable securities)	-	-	-	(1)
Effect of exchange rate fluctuations on cash held	(3)	(5)	(1)	(3)
Cash & cash equivalents at the end of the period	**68**	**136 [3]**	**99**	**585**

(1) During 2018, the Group has changed the presentation of the Consolidated statement of cash flows by separating following non-cash expenses: write-downs on inventories, impairment losses on receivables, additions and reversals of provisions and accrued expenses for personnel commitments and defined benefit plans and similar plans. These other non-cash expenses were previously reflected in 'Changes in Trade Working Capital' and 'Changes in Provisions'. By this new presentation, management believes to provide more relevant information to the users of the Consolidated Financial Statements. Therefore, the Group has restated the comparative period presented.

(2) During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the consolidated statement of financial position and the consolidated statement of cash flows that both have changed resulting from the application of the new IFRS standard 15 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. Due to the changes in IFRS 15, the cash flows on the different line items of the Trade Working Capital are not comparable with 2017 as the cash from/(used in) contract assets and contract liabilities for 2017 were reflected in the line items 'Changes in inventories', 'Changes in trade receivables' and 'Changes in other working capital'. More information is provided in footnote (1) to the Consolidated statement of financial position.

(3) Net of bank overdraft previously included in proceeds/repayments of borrowings (December 31, 2017: 1 million Euro / December 31, 2018: 5 million Euro).

Listing	BRUSSELS STOCK EXCHANGE
Reuters Ticker	AGFAt.BR
Bloomberg Ticker	AGFB: BB/AGE GR
Datastream	B:AGF

SHARE INFORMATION	
First day of listing	June 1, 1999
Number of shares outstanding on December 31, 2020	167,751,190
Market capitalization on December 31, 2020	654 million Euro

Shareholder structure (March 23, 2021)

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders on date of this Annual Report are the following:

- **Active Ownership Capital SARL nv** with between 15% and 20% of the outstanding stock as from November 17, 2020;
- **Axxion S.A.** with between 3% and 5% of the outstanding stock as from November 15, 2019;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from September 6, 2018;
- **LLB Fund Services AG** with between 3% and 5% of the outstanding stock as from July 1, 2020.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 67.61% and 78.61%.

EURO	2016	2017	2018	2019	**2020**
Earnings per share	0.42	0.22	(0.14)	(0.32)	3.66
Net operating cash flow per share	0.85	0.23	(0.26)	0.88	(0.81)
Gross dividend	-	-	-	-	-
Year end price	3.673	3.887	3.330	4.618	3.900
Year's high	5.117	4.934	4.336	4.860	4.830
Year's low	2.609	3.601	2.914	3.214	2.900
Average volume of shares traded/day	438,204	269,123	425,481	281,280	272,995
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190

Shareholder queries

Investor Relations Department

Septestraat 27, B-2640 Mortsel, Belgium

Phone +32-(0)3-444 7124

Fax +32-(0)3-444 4485

viviane.dictus@agfa.com

www.agfa.com/investorrelations

FINANCIAL CALENDAR 2021	
Annual General Meeting	May 11, 2021
First quarter 2021 results	May 11, 2021
Second quarter 2021 results	August 25, 2021
Third quarter 2021 results	November 9, 2021

Published by Agfa-Gevaert NV
Corporate Communication
Septestraat 27
B-2640 Mortsel (Belgium)

T +32 3 444 71 24

www.agfa.com

Layout
Mathildestudios, Grembergen (Belgium)

AGFA