AGFA-GEVAERT

Annual Report **2021**

AGFA

AGFA-GEVAERT

Annual Report 2021

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Letter to the shareholders

Pascal Juéry,
CEO

Frank Aranzana,
Chairman of the Board of Directors

Dear shareholder,

2021 was quite an eventful year. On the one hand, the COVID-19 virus continued to weigh on the world, forcing the entire society to implement strict measures to prevent another lockdown. On the other hand, we have seen a gradual improvement of demand which came with rapidly rising costs for raw materials, energy, packaging, transport and wages, as well as supply chain issues, impacting the business.

In this complex environment, Agfa-Gevaert delivered key milestones in its transformation process and improved profitability in 2021.

In our efforts to build a simple, agile and future-oriented organizational model, we announced in October 2021 the plan to partner with Atos for our internal IT operations. Under the terms of the intended partnership, a major part of Agfa's internal Information and Communication Services activities, including the dedicated positions and employees, is to be transferred to Atos. In close cooperation with Agfa, Atos will design and implement first class IT solutions for the company. This collaboration will allow us to fully concentrate on our customers and on the evolution of our portfolio, while relying on a partner for our state-of-the-art IT solutions and developments.

Furthermore, the project to organize the Offset Solutions business into a stand-alone legal entity structure is well on track and we have drastically simplified our go-to-market organization, from a matrix structure to a global business unit structure.

In 2021, we finalized our de-risking pension program, which resulted in a substantially lower net liability and reduced pension cash outs. Also in 2021, we announced a share buyback program with a volume of up to 50 million Euros. Last year, the Group bought approximately 7.31 million shares for an amount of 29 million Euros. This lead to a cancellation of 11.3 million shares (including treasury shares already owned before the start of the buyback program), or 6.6% of total shares. The program, which will continue this year, allows our shareholders to benefit from the sale of part of the HealthCare IT business. It also demonstrates our confidence in the transformation process of our company.

Finally, we are pleased to mention that in 2021 we were able to strengthen our Executive Management team with two new members. Vincent Wille was appointed President of the Digital Print & Chemicals Division and Gunther Koch was appointed Chief Human Resources Officer for the Agfa-Gevaert Group. Early February 2022, Nathalie McCaughley joined the Agfa-Gevaert Group as President of the HealthCare IT Division. She replaces Luc Thijs who decided to leave the Agfa-Gevaert Group after a brilliant career of more than 30 years.

The Agfa-Gevaert Group in 2021

In terms of business activity, we are seeing in our results the first tentative signs of a return to the normal, pre-COVID-19 period. Demand for our solutions and products is picking up in most of our areas of activity, although not everywhere at the same pace. Excluding currency effects, the Agfa-Gevaert Group posted 3.4% top line growth. In spite of a slow start in the first months of the year – which were still strongly affected by the pandemic – both the Digital Print & Chemicals division and the Offset Solutions division significantly improved their top line due to successful price increase actions and volume increases. In the Radiology Solutions division, the Direct Radiography business' top line suffered from the uncertainty in the market. In the aftermath of the pandemic, hospitals are reconsidering their priorities and postponing large DR projects. In the field of medical film, price increases did not suffice to offset the ongoing impact of the pandemic and the effects of the adapted centralized procurement practices in China in early 2021. As expected, the HealthCare IT division saw an upturn in both volumes and profitability towards the end of the year. In the course of the year, the division witnessed a temporary delay in project implementations, but the order book always remained at a healthy level.

As successful price actions allowed the Group to partly mitigate cost inflation, its gross profit margin decreased only slightly to 28.3% of revenue.

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.

While sustainability has always been a part of Agfa's DNA, traditionally the efforts to include sustainability priorities in the business strategy have been mainly addressed at team and divisional level. In 2020, we focused on building an overall corporate approach to frame and coordinate projects and resources. The past year, we continued to work on translating corporate goals into concrete actions and plans.

To do so, we have systematically linked our divisions and teams' priorities to the societal impact at large via the framework provided by the United Nations 2030 Agenda for Sustainable Development. We have also strengthened the integration of the Corporate Sustainability Office within the global governance, to intertwine Agfa's sustainability strategy with the business operations. This year, we carried out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best-in-class and we were awarded a bronze medal. In 2021, we continued to invest resources to reduce our operational footprint, both in terms of energy use and CO_2 emissions, increase materials circularity and reduce waste generation. The Group is committed to elaborate a CO_2 emission reduction roadmap that is in line with the 2015 Paris agreement. We also made further steps in increasing the transparency of our internal and external communication, for instance by creating a dedicated section on our corporate website and we regularly inform our employees of the progress we are making in this domain. All this while progressing as much as possible on a number of 2025 targets we set for key material topics, for instance increasing safety levels across operations. There have been areas where we struggled to deliver the expected improvements, for instance on securing a higher share of women in new hires. Corrective actions that will help us to perform at the best of the market capacity have already been taken.

We know we are not anywhere near the end of this journey, but we are proud of the milestones achieved so far and we are ready to keep going, supported by the enthusiasm of an increasing number of internal ambassadors.

Growth and innovation

In 2021, Agfa again invested 5.4% of sales in research and development, a constant demonstration of our commitment to develop innovative solutions that offer significant added value to our customers and by extension to

society at large. Over the past 150 years, we have built an impressive intellectual property portfolio, which today counts 814 active patent families.
We are constantly exploring how we can apply our technological strength to provide state-of-the-art, sustainable solutions for a multitude of applications in the various markets in which we operate.

Early 2021, Agfa introduced its fastest Jeti Tauro inkjet press to date. Nicknamed 'the Beast', the Jeti Tauro H3300 UHS LED inkjet engine prints media up to 3.3 m wide in four or six colors at a speed up to 600 m^2/h. In order to cope with growing volume demands, Agfa significantly expanded its inkjet ink production capacity. A new manufacturing plant in Mortsel, Belgium, focusing on water-based inkjet inks, became operational in 2021. The new plant enables Agfa to be a key supplier of aqueous inkjet inks for a wide range of novel applications. Its target markets are the growing segment of printing on décor paper for the production of laminate floorings and furniture panels; as well as several promising packaging applications.

For the offset printing industry, we are focusing on ecology, economy and extra convenience with our ECO^3 program. This makes printing processes more sustainable by giving the opportunity to reduce ink consumption, create less waste and make printing processes cleaner, more cost efficient and easier. Thanks to our ECO^3 solutions, printers can save up to 30% on paper, 40% on ink and up to 90% on water, and waste volumes can be reduced by 50%.

In 2021, Agfa introduced Amfortis, an all-in-one workflow solution for the offset packaging printing industry. Amfortis facilitates the lives of packaging converters by combining multiple unique software tools into one powerful production workflow solution. It complements Agfa's offering for offset packaging, which already included durable printing plates and high-performing Computer-to-Plate systems.

In 2021, Agfa added the new high performance ZIRFON UTP 220 membrane to its membrane portfolio for the production of green hydrogen. ZIRFON UTP 220 has excellent durability and its low resistivity allows for the highest yield of hydrogen production. With the new membrane, Agfa is setting yet another productivity standard for advanced alkaline electrolysis.

With our ZIRFON membranes, we are well positioned to play a significant role in the emergence of the green hydrogen economy. A recent study by the Fraunhofer Institute using Agfa's ZIRFON separator membranes confirms that the alkaline electrolysis technology is the most cost efficient hydrogen production system to date. Germany's Thyssenkrupp Nucera recently signed a purchase contract with us to supply a significant volume of our ZIRFON separation membranes for use in large-scale hydrogen projects.

Agfa's radiology solutions help hospitals all over the world in their fight against COVID. The DR 100s system, for instance, can be used to perform high-quality bed-side X-ray examinations. That means that the patient does not need to be taken to the imaging department to be examined. In November 2021, Agfa launched its new VALORY digital radiography room at the RSNA event. VALORY delivers a simple design with functionality that goes far beyond the 'basics', bringing reliability, productivity and 'first-time-right' imaging into reach for any hospital. VALORY offers an ideal solution as a backup for large hospitals, or as the main X-ray system for smaller healthcare facilities, where equipment reliability is not an option but a must.

In August 2021, Agfa HealthCare became one of the first companies to receive the new European Medical Device Regulation (MDR) certification, issued by Intertek. Agfa HealthCare's early certification, which covers its Class IIa Enterprise Imaging and Xero Viewer solutions, allows the company to continue to expand the Enterprise Imaging platform, its modules and components, and release innovations without any interruption. A KLAS Research 2021 Enterprise Imaging Performance Report names Agfa HealthCare as one of the vendors that is the most ready for future Enterprise Imaging adopters. The report positions Agfa HealthCare among the Enterprise Imaging solutions providers scoring best at offering strategic guidance in the form of governance, change management, and long-term vision.

A recent survey on cybersecurity conducted by KLAS and Censinet positions Agfa HealthCare solutions not only as a pioneer on cybersecurity transparency but also as ‘cybersecurity mature’ on all topics, including network security, data protection and system resiliency.

Outlook

We expect that the impact of inflationary pressure, including salary cost inflation, will become more apparent in the course of the year, but price actions are being taken accordingly. In the coming quarters, a number of price increases that have been announced will come into full effect, but more price increases may be required.
Overall, the Agfa-Gevaert Group continues its tight working capital and cost management. Furthermore, the Group expects that the uncertainty in most of its markets will continue well into 2022. More recently, the Ukraine crisis created new uncertainties the Group is assessing. However, for the full year 2022, all divisions are expected to grow their top line.
For the HealthCare IT division, 2022 will be a year of consolidation, as the focus is turning towards profitable growth. Investments in a number of key resources are to be expected.
The ongoing transformation actions are expected to bring more agility and to further simplify the operations of the Group. They will also allow the Group to further reduce its costs from 2023 onwards.

We sincerely thank our customers and distributors for the trust they placed in our company during this challenging year. We are committed to continue supporting them with the most advanced, quality and reliable products and services. We also thank our people. They were and are on the front lines of the pandemic while supporting our customers in healthcare and other markets. Their motivation, their skills, their strive for excellence, together with our strong brand recognition, our world class R&D capabilities and our integrated solutions portfolio form a solid basis for success in our transformation program for the Company.
Finally, we also thank our shareholders for their continued support and confidence in the past year.

MILLION EURO	2017	2018	2019 (2)(3) Re-presented	2020	2021
PROFIT OR LOSS					
Revenue	2,443	2,191	1,975	1,709	1,760
Change vs. previous year	-3.7%	-8.0%		-13.5%	+ 2.9%
Offset Solutions		850	843	704	748
Share of group sales		39%	43%	41%	43%
Digital Print & Chemicals		337	355	289	330
Share of group sales		15%	18%	17%	19%
Radiology Solutions		514	536	485	464
Share of group sales		24%	27%	28%	26%
HealthCare IT		490	241	230	219
Share of group sales		22%	12%	14%	12%
Gross profit	814	701	589	494	497
Results from operating activities	138	62	(34)	(52)	9
Net finance costs	(39)	(39)	(36)	(31)	(8)
Income tax expense	(53)	(34)	(14)	(15)	(15)
Profit (loss) for the period	45	(15)	(48)	621	(14)
Attributable to owners of the Company	37	(24)	(53)	613	(17)
Attributable to non-controlling interests	8	9	5	7	4
Restructuring/non-recurring expenses	(31)	(66)	111	88	33
Adjusted EBIT	169	128	77	36	42
Adjusted EBITDA	222	182	153	99	104
CASH FLOW					
Net cash from (used in) operating activities	40	(44)	123	(153)	(116)
Capital expenditures (1)	(46)	(40)	(38)	(33)	(26)
STATEMENT OF FINANCIAL POSITION - DECEMBER 31					
Equity	307	290	130	620	685
Net financial debt	18	144	219	(502)	(325)
Current assets minus current liabilities	563	607	473	952	742
Total assets	2,233	2,367	2,294	2,204	2,095
SHARE INFORMATION (EURO)					
Earnings per share (eps)	0.22	(0.14)	(0.32)	3.66	(0.11)
Net operating cash flow per share	0.23	(0.26)	0.88	(0.81)	(0.65)
Gross dividend	-	-	-	-	-
Number of outstanding ordinary shares with voting rights at year-end (4)	167,751,190	167,751,190	167,751,190	167,751,190	160,438,653
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	165,003,570
EMPLOYEES (AT YEAR END)					
Full time equivalent permanent (active)	9,840	9,662	7,892	7,337	6,993

(1) For intangible assets and property, plant and equipment.
(2) 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.
(3) 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.
(4) See Note 12 p. 153

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 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.

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 2021

JANUARY 20 – The Board of Directors expresses the intention to organize the Offset Solutions activities into a stand-alone legal entity structure within the Agfa-Gevaert Group, as part of the strategic transformation program.

FEBRUARY 15 – A study by the Fraunhofer Institute using Agfa's ZIRFON separator membranes confirms that the alkaline electrolysis technology is the most cost efficient hydrogen production system to date. Later in 2021, Agfa adds the new high performance ZIRFON UTP 220 membrane to its membrane portfolio.

MARCH 2 – Agfa announces that its #CountOnUs initiative has already supported thousands of healthcare providers to deal with the extraordinary pressure being placed by the COVID pandemic on staff and resources. Hundreds of hospitals around the world have benefitted from Agfa's free MUSICA Chest+ software, which speeds up bedside chest imaging by up to 30%.

MARCH 2 – Agfa introduces the fastest Jeti Tauro inkjet printer to date, targeting the high end of the sign & display market.

MARCH 10 – Agfa announces 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.

KLAS RESEARCH

APRIL 12 – A KLAS Research 2021 Enterprise Imaging Performance Report names Agfa HealthCare as one of the vendors that is the most ready for future Enterprise Imaging adopters. The report positions Agfa HealthCare among the Enterprise Imaging solutions providers scoring best at offering strategic guidance in the form of governance, change management, and long-term vision.

JUNE 4 – Agfa introduces Amfortis, an all in one workflow solution for offset packaging printing. Amfortis facilitates the lives of packaging converters by combining multiple unique software tools into one powerful production workflow solution.

JUNE 10 – Agfa launches the Avinci CX3200 roll-to-roll dye sublimation printer, which delivers high productivity and a consistently vibrant print quality on a wide range of polyester-based fabrics directly or via transfer paper.

AUGUST 20 – Insaver installs 2,866 solar panels on the roof of Agfa's site in Mortsel. The brand new installation accounts for 905 MWh of green energy per year, avoiding 158 tons of CO_2 each year.

SEPTEMBER 15 – Agfa takes into service its new manufacturing plant for water-based inkjet inks. The new plant enables 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.

SEPTEMBER 27 – For the third time in a row, Agfa HealthCare earned the #1 Customer Experience Rating in Vendor Neutral Archive Solutions in a survey issued by Black Book Market Research LLC. The survey measured customer experience across 18 VNA solutions key performance indicators.

SEPTEMBER 30 – Agfa wins a prestigious Pinnacle Product Award from Printing United Alliance for its high-speed Jeti Tauro H3300 UHS LED system.

OCTOBER 7 – Décor paper printing company Chiyoda installs an InterioJet 3300 water-based printing press from Agfa at its European headquarters in Genk, Belgium. Its new press will enable Chiyoda to supply printed décor paper with exclusive designs to flooring, furniture and car laminate panel makers.

OCTOBER 21 – Royal Bolton Hospital (UK) decides to install three fully automated DR 600 X-ray rooms from Agfa.

OCTOBER 28 – As part of its global transformation program, Agfa announces the intention to partner with Atos, a global leader in digital transformation. Under the terms of the intended partnership, a major part of Agfa's internal Information and Communication Services activities is to be transferred to Atos.

NOVEMBER 16 – Agfa announces the market launch of its SYNAPS Xerographic Matt (XM) synthetic paper that includes an agent which antagonizes the settlement and growth of bacteria and viruses on its surface.SYNAPS XM

NOVEMBER 28 – Agfa launches its new VALORY digital radiography (DR) room. VALORY delivers a simple design with functionality that goes far beyond the basics, bringing reliability, productivity and first-time-right imaging into reach for any hospital.

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Notes on changes to KPI data

In the 2021 report the following KPIs have been modified compared to the previous reports.

p. 37: 2019 'specific waste': from 187.8 to 187.6;
p. 38: 2019 'landfilling' and 'recycling': from 363 to 362 and from 22,836 to 22,815;
p. 38: 2015 % of waste directed to disposal: from 13.8 to 12.8%;
p. 40: 2020 'total consumption' and 'consumption excl. cooling water': from 2,956 to 2,974 and from 1,288 to 1,285;
p. 41: 'recycled effluent water HQ': (2014) from 18.4% to 19.3%, (2015) from 20.2% to 20.3%, (2016) from 20.4% to 21.5% (2020) from 11.4% to 11.5%;
p. 45: 2012 'primary energy': from 2,304 to 2,394;
p. 48: 'specific CO_2 emissions': for years 2012-2015 in the previous annual report they were shifted of one year (value for 2014 mistakenly reported for 2015 and so on);
p. 59: 2020 and 2019 'frequency rate of reportable accidents (minimum one day lost)': from 3.35 to 3.51 and from 5.15 to 5.14.

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 solely as the basis for further optimization. In recent years we have critically reviewed our approach to responsible business to ensure that 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 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.

2021 in a snapshot

In 2020, we stepped up the ambition about our sustainability transformation. 2021 was the year of acceleration, where ambition was translated into concrete actions and bold plans for the future.

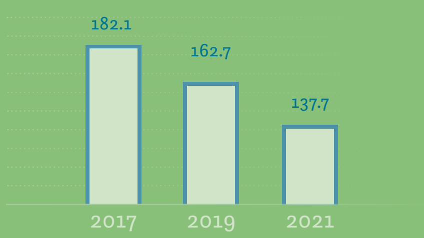
While sustainability has always been a part of Agfa's DNA, traditionally the efforts to include sustainability priorities in the business strategy had been mainly addressed at team and divisional level. In 2020 we focused on building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

In 2021, we continued to work on translating corporate objectives into concrete actions. The details of our work and outcome of our efforts can be found in this report; here a list of the high level milestone that supported the strategy roll out in 2021:

- We have systematically linked our divisions and teams' priorities to societal impact at large via the framework provided by the UN 2030 Agenda for Sustainable Development;
- We strengthened the integration of the Corporate Sustainability Office within the global Agfa's governance to intertwine Agfa's sustainability strategy with the business operations;
- We progressed on a number of 2025 targets we set for key material topics, for instance succeeding to increase safety levels across operations;
- We carried out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best in class and we were awarded a bronze medal;
- We made further steps in increasing the transparency of our internal and external communication, for instance, by creating a dedicated section on our corporate website;

Agfa's impressive IP portfolio:
814
active patent families
3,014
active patent rights

CO_2 emissions (Scope 1 & 2)
dropped to **137.7** *(ktonnes/year)*



Accidents
with minimum
one day lost

-19%

(versus baseline 2019)

2021 KPI progress overview

Beneath a summary of our progress regarding the main Key Performance Indicators.
More details about specific split, e.g. waste per destination type, and explanations about the actions driving the changes are given in the following sections of this report.
We started tracking different KPIs at different points in time; hence, for some KPIs older data might be unavailable.
We plan to gradually increase the number of disclosed KPIs over time based on the needs identified in dialogue with our internal and external stakeholders.

	KPI	Unit of Measure	**2021**	2020	1 year	2019	2016	5 years
Planet	Production volumes	tonnes/year	124,167.3	118,148.4	+5.09%	150,163.9	172,884.3	-28.18%
	Percentage of aluminum recovery	%	25.7	25.8	-0.39%	26.7	n.a.	n.a.
	Total waste volume	tonnes/year	26,478	24,714	+7.14%	28,164	32,713	-19.06%
	Specific waste volume	kg/tonne of product	213.2	209.2	+1.91%	187.6	189.2	+12.68%
	Share of hazardous waste	%	22	26	-15.38%	24	14	+57.14%
	Waste diverted from disposal	%	92.3	92.1	+0.22%	91.9	85.4	+8.08%
	Total water consumption	1,000 m^3/year	3,184	2,974	+7.06%	4,705	5,295	-39.87%
	Specific water consumption	m^3/tonne of product	25.6	25.2	+1.59%	31.3	30.6	-16.34%
	Total waste water volume	m^3/year	1,092,343	1,077,783	+1.35%	1,342,577	1,939,076	-43.67%
	Specific waste water volume	m^3/tonne of product	8.8	9.12	-3.30%	8.94	11.22	-21.43%
	Waste water pollutant load	tonnes per year	246.2	251.7	-2.19%	372.1	459.5	-46.42%
	Total energy consumption	TJ/year	2,124	2,133	-0.42%	2,404	2,812	-24.47%
	Specific energy consumption	GJ/tonne of product	17.1	18.1	-5.52%	16	16.3	+4.91%
	Total CO_2 emissions (Scope 1 + Scope 2) to air	ktonnes/year	137.7	144.6	-4.77%	162.7	183.2	-24.84%
	Specific CO_2 emissions to air	ktonnes/tonne of product	1,109	1,224	-9.40%	1,084	1,060	+4.62%
	Emissions of ozone-depleting substances	tonnes CO_2 equivalent/year	3,008.1	700.2	+329.71% [1]	1,508.5	n.a.	n.a.
	NO_x, SO_2, VOC, VIC emissions	tonnes per year	135.2	133.7	+1.12%	196.3	231.4	-41.57%
	VOC emissions	tonnes per year	38.2	43.4	-11.98%	71.9	106.1	-64.00%
	Specific VOC emissions	kg/tonne of product	0.31	0.37	-16.22%	0.48	0.61	-49.18%
People	Frequency rate (Fg) of reportable accidents	(Number of accidents/ Performance hours) * 1,000,000	1.17	2.4	-51.25%	2.03	1.83	-36.07%
	Frequency rate (Fg) of accidents with minimum one lost working day	(Number of accidents/hours worked) * 1,000,000	5.02	3.51	+43.02%	5.14	5.85	-14.19%
	Number of accidents with minimum one day lost	-	30	22	+36.36%	38	48	-37.50%
	Degree of severity of accidents involving minimum one lost working day	(Number of working days lost/hours worked) * 1,000	0.145	0.079	+83.54%	0.118	0.139	+4.32%
	Women total workforce	%	22.92	22.77	+0.66%	23.58	22.2	+3.34%
	Women on recruitment	%	30.88	33.46	-7.71%	34.28	28.44	+8.58%
	Women High management (level 1 and 0)	%	13.3	15.4	-13.33%	11.8	0	-
	Women High management (level 2)	%	9.5	10	+5.00%	8.7	9.2	+3.26%
	Women Middle management	%	16.9	15.9	+6.29%	14.9	14.7	+14.97%
	Women Low management	%	22.7	22.3	+1.79%	22	19.7	+15.23%
	Women non-management	%	23.7	23.6	+0.42%	24.9	23.8	-0.42%
	Contracts signed by key and core suppliers including Agfa Supplier of CoC	%	100	100	=	n.a.	n.a.	n.a.
Performance	% annual turnover invested in R&D (for the full Group)	%	5.4	5.5	0.00%			0.00%

In 2021, we carried out a thorough review of the data reported in the past and used as benchmark of our progress. This exercise flagged a few typos. These have all been corrected; notes to indicate what has changed are included under 'Notes on changes to KPI data' (p. 16).

[1] This steep increase in 2021 was due to a serious internal defect of a cooling machine at the Mortsel site that could not be detected early. All corrective measures have been taken in the meantime.

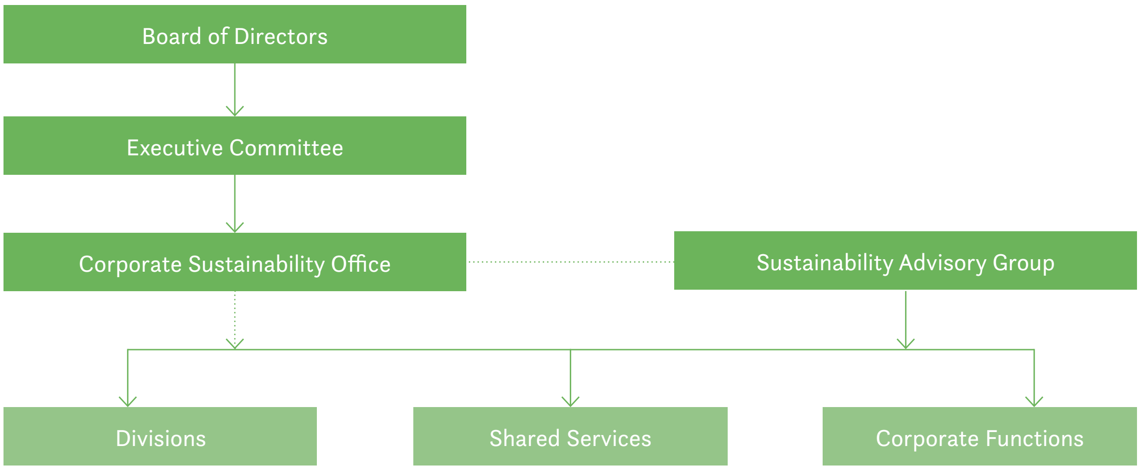
Our priorities

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 people 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. Hence, we work to support employees in developing their unique capabilities and 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 paterns	We believe that responsible consumption and production start with a strong governance and by taking full ownership of processes across our value chain. Secondly, transforming operations aiming at 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 call for action, we are strongly committed to continuously improve our environmental performance. Firstly, in our own operations and equally important, by marketing sustainable products and systems that help our customers to contribute to the same objectives.	· Greenhouse gas emissions · Energy usage

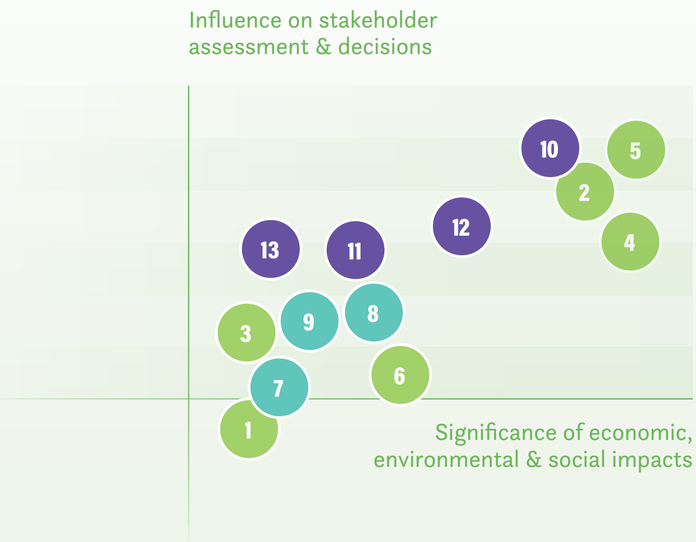
Our governance structure

The sustainability governance 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 steer 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 guidance.
The Corporate Sustainability Office coordinates then the daily roll-out of all the activities in cooperation with all the relevant departments.
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 relies on 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, ...) and acting as sustainability ambassadors. This group provides strategic advice on sustainability matters, suggests new ideas and ensures synergy and cooperation between departments. More details on specific governance for the key material topics is provided in the following chapters of this report under 'Our management approach.'



Double materiality assessment

In 2019, we carried out for the first time a thorough materiality assessment to analyze our main non-financial societal impacts. This internal analysis was then integrated with an external analysis about the significance for our main stakeholders and, hence, how these issues would affect the business. The internal materiality 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 external analysis was conducted, instead, via media analysis, a peer review and expert views. 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.

We realize 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, in 2021 we surveyed our Sustainability Advisory Group to ensure the adequacy of the selected goals. The survey confirmed that we are working on priorities that are relevant to the business context, it identified areas where additional efforts will be needed and it showed an increased awareness of our teams of the role they can play in driving the journey. We are also preparing to run in the near future a full double materiality assessment, by including more directly our stakeholders in the external analysis process.

To assess our approach to sustainability management and benchmark our performance compared to the best in the sector, in 2021 we carried out for the first time a third party assessment via EcoVadis.
EcoVadis is one of the world's largest provider of business sustainability ratings, which we chose because it has already rated more than 85,000 companies. The EcoVadis sustainability assessment is a paid service to assess a company's material sustainability impacts based on a questionnaire and extensive supporting documentation. This material is assessed by the organization based on international standards such as the Global Reporting Index (GRI), ISO 26000 and the guiding principles of the Global Compact. In 2021 we decided to start such assessment by focusing on the sites of the group part of the Agfa-Gevaert NV entity. As a result, we scored 50 out of 100 and we were awarded a bronze medal, placing us in the top 50% companies assessed by EcoVadis. The feedback received by EcoVadis is already being used to improve our processes for the whole group and we are considering the potential to broaden the scope of such assessment in the future.

Risk management

Prioritizing sustainability material topics – as well as delivering our growth strategy on the long term – relies on appropriately identifying and managing risks that could affect our operations. Therefore, risk management is for us an integral part of the decision making process on the business strategy as a whole.
At a higher level, 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.

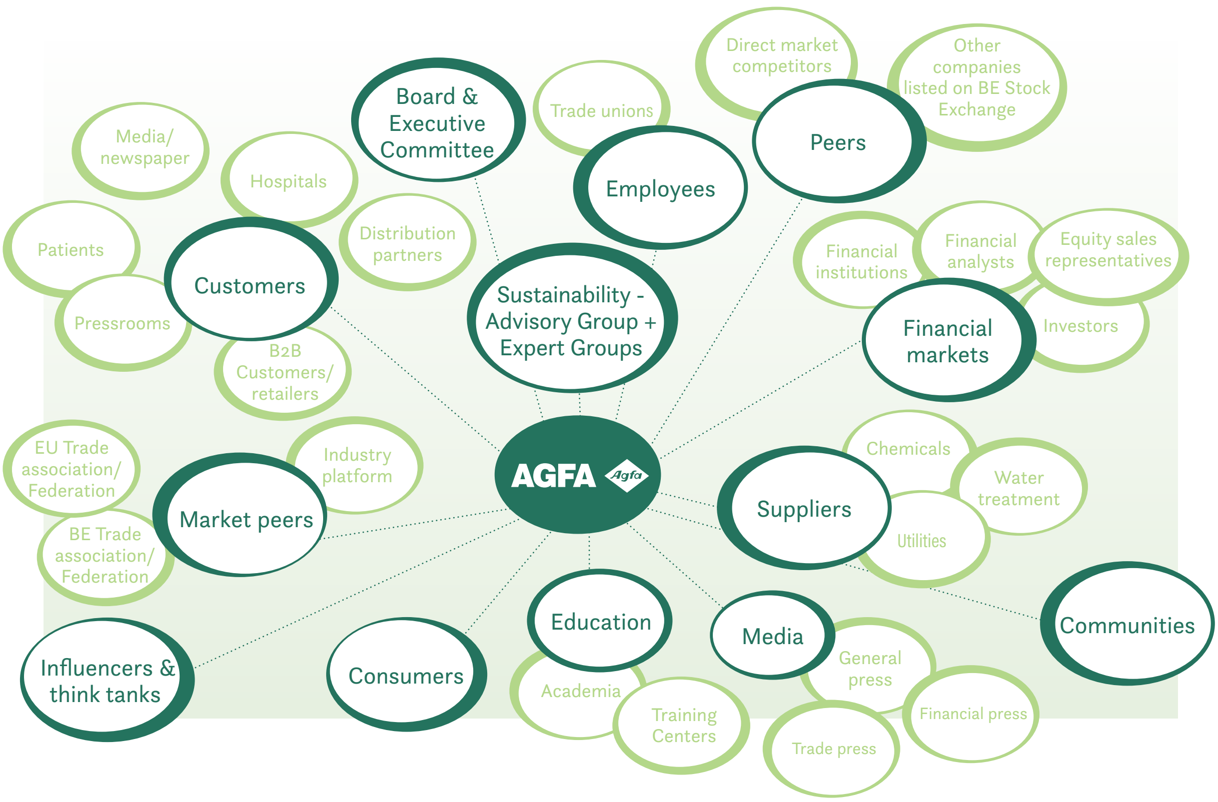
Specific/local control mechanisms and risk assessment procedures have been implemented where needed by business units or by the corporate offices that provide cross-organizational support functions, each covering the relevant scope. The policies and codes that are described throughout this report are one part of such risk management process. The different risk management philosophies aim at ensuring the group fulfills its duties towards its shareholders, but methods and tools are currently depending on the scope and are expected to evolve over time to reflect the increasing attention towards assessing our double materiality.

For a description of the risks factors that are currently identified, in addition to those relevant for the financial statements, refer to the chapter 'Risk factors description' at pages 251-252.

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 systems 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 2021 we have been progressively structuring our dialogues about sustainability.

The level of engagement with each stakeholders' group depends on the relevance of the topic and likely varies over time and on the basis of other business priorities. In support of an easier and more transparent communication, in 2021 we have set up a dedicated section on our corporate website that aims at providing more information to anyone interested.

Employees
To ensure an appropriate level of engagement and of information exchange for its almost 7,500 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 2021 we:
- communicated regularly about sustainability progress by using our corporate channels, e.g. the quarterly info tour meeting held by our CEO and Exco to clarify the company's results and strategy;
- exchanged regularly via the Sustainability Advisory Group about status of projects, perceived gaps, needs emerged during teams' meetings;
- established additional internal platforms to address those relevant topics not yet covered by existing committees;
- ran via the Corporate Sustainability Office several one-to-one interviews with team leaders and 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 2021, due to the continued impact of COVID, many of these regular events were held virtually or postponed. However, we continued to implement an adapted engagement strategy to ensure a high level of engagement with our customers. We ran remote IT projects implementations and support, held a series of virtual demos, organized webinars and contributed to global conferences and exhibitions virtually.

We also recognize that some of these newer forms of interaction emerged during the pandemic, in some occasions foster more inclusive exchange. This is why they will not completely disappear once the global sanitary emergency will be solved, but will rather be complementary to more traditional forms of engagement. More details on how we engaged with our customers are provided under the chapters on the divisions' activities at pages 96-129.

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 2021 we:

- held our annual shareholders meeting physically on May 11, 2021, where 19 shareholders were represented. The agenda and minutes are available on Agfa's corporate website.
- held approximately 90 one-to-one investor calls to exchange on a series of financial and non-financial topics, mainly addressing key strategic questions around the business evolution, the pension de-risking actions, the use of proceeds from the sale of part of the Healthcare IT activities, the impact of the COVID-19 crisis and the cost inflation.

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.

By the end of 2021, Agfa (either as Agfa HealthCare, Agfa Radiology Solutions, Agfa Offset Solutions or Agfa-Gevaert) was 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
- **BiR&D** – association of international industrial companies having major R&D operations in Belgium
- **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
- **ESMA** – European Specialist Printing Manufacturing Association
- **FEFCO** – European Corregated Packaging Association
- **Hydrogen Europe** – European industry, national associations and research centers active in the hydrogen sector
- **I&P** – European Imaging and Printing Association
- **MedTech Europe** – European trade association for the medical technology industry

Agfa is also part of several networks and knowledge centres, 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
- **FESPA Belgium** – organization bringing together people and organizations active in screen printing, digital printing and textile printing
- **Pack4Food** – consortium of companies and research institutes working on the food packaging of the future
- **VIGC** – Flemish Innovation Center for Graphic Communication, independent knowledge center in the Benelux
- **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).
We are also part to a series of platforms and networks via Agfa-Labs, our open innovation platform for materials and coating research. For instance, the Belgian Association of Technicians from the Paint and Related Industries (ATIPI), the Royal Flemisch Chemical association (KVCV) and the Organization for surface characterization of materials (VOM).

"Agfa has been actively contributing for many years 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 meetings to meet the community, and in the last years by using more and more the virtual tools available, like publishing a magazine to be distributed and our websites.

2021 was again a special year and we wanted to show our support even more and in a very concrete way. This is why we kept helping our people as well as our customers and neighbors facing the impact of the COVID-19 health crisis.

Stakeholders' expectations and next steps

The exchanges we regularly had in the course of the year helped us understand the expectations of each stakeholder and will serve to shape our future actions.

For instance, our employees expect to be even more involved in decision making and priority setting and to receive dedicated training regarding sustainability and how this can be integrated in the daily operations. Our customers are increasingly requesting product specific sustainability information, e.g. carbon footprint for a specific plate, and sustainability requirements are increasingly being included in bids and call for tenders. The general element of the different requests is certainly that of increasing transparency and granularity of the information we share and this is and will be the focus in the engagement with stakeholders for 2022 and beyond.

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 organization. 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.

As of 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.

Basis for this Annual Report

The information covered in this annual report refers to the fiscal year 2021, starting on January 1, 2021 till December 31, 2021.

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. 262).

The Agfa-Gevaert Group falls under the scope of the Taxonomy Regulation (Regulation (EU) 2020/852) and its Delegated Regulation (EU) 2021/2178. This annual report contains a list of economic activities that might be taxonomy eligible (see p. 263). Due to the current lack of expertise in the sector on how to apply the Regulations in practice, data reported is still incomplete and might be subject to future adjustment.

Our Certifications

Environmental, safety, energy and quality management systems


Germany
Munich
Peissenberg
Peiting
Rottenburg
Schrobenhausen
Wiesbaden
Offset Solutions
Radiology Solutions
HealthCare IT
Digital Print & Chemicals
ISO 9001 Quality
ISO 13485 Medical Devices
ISO 14001 Environment
OHSAS 18001 Safety
ISO 50001 Energy
ISO 27001 Information Security
EU MDR 2017/745
China
Wuxi Imaging
Wuxi Printing
Shanghai

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.

Our policies

Our values are reflected in the Group's Code of Conduct (CoC). To support the translation of the CoC into clear day-to-day processes, we rely on a series of policies and corporate guidelines, both at global and local level.
Our Corporate Safety, Health & Environment Policy is the main reference driving the processes addressed in this chapter. Due to the nature of these material topics, their management is mostly coordinated at local level and 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. More details are given throughout the chapter.
In 2021, we carried out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best in class, obtaining a bronze medal and scoring our highest result for the performance on 'planet'. We will nevertheless use the feedback received to continuously improve our processes and related performance indicators.

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. 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 SH&E 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. In these instances, the scope of the management approach described is clearly stated in the text.

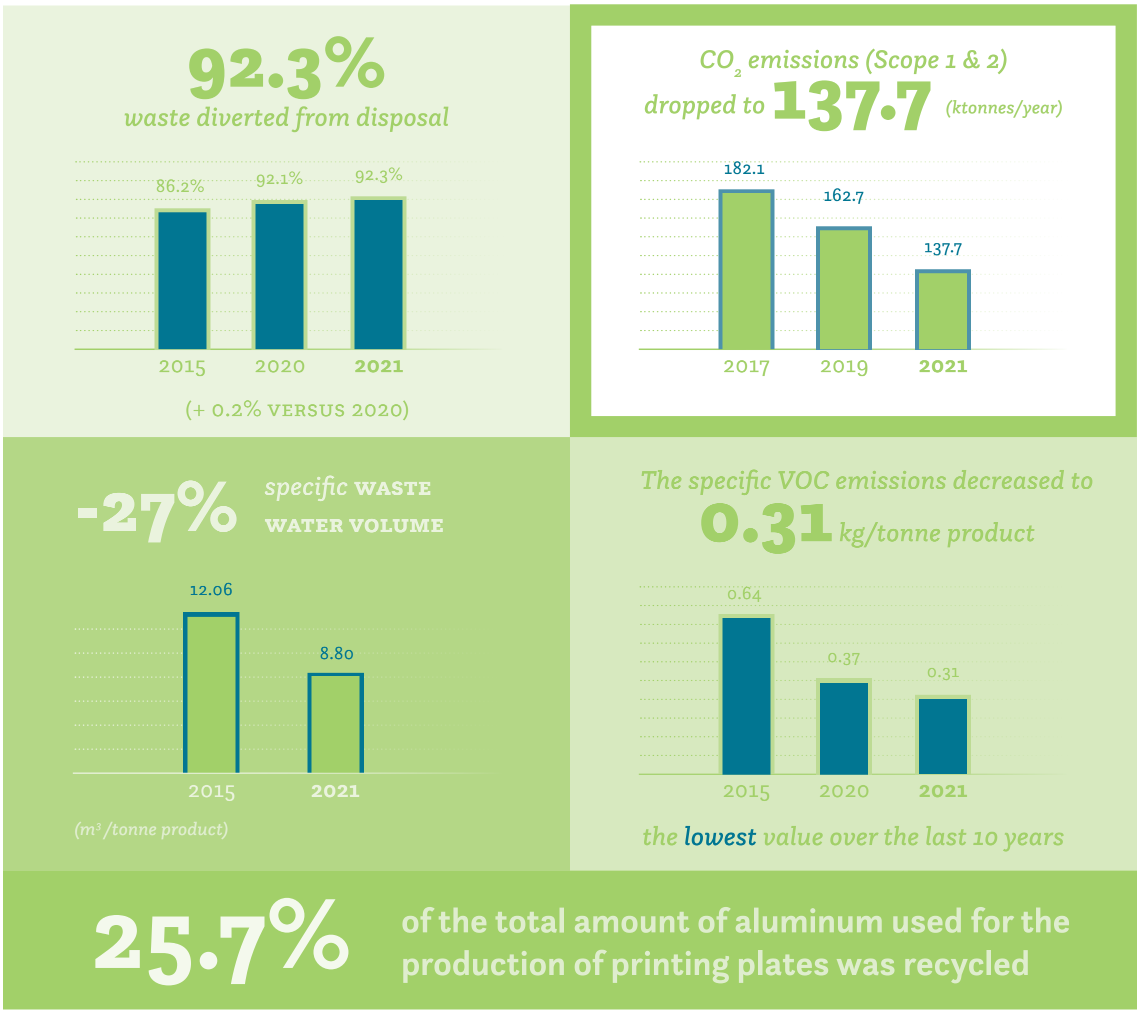
2021 in a snapshot

In short, 2021 was the year of the acceleration, where ambition was translated into concrete actions and bold plans for the future.

While sustainability has always been a part of Agfa's DNA, traditionally the efforts to systematically include sustainability priorities in the business strategy had been mainly addressed at team and divisional level. In 2020 we focused on building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

In 2021, we continued to invest resources to reduce our operational footprint, both in terms of energy use and CO_2 emissions, increase materials circularity and reduce waste generation.
Beneath is a summary of the main achievements of 2021, showing the results of our continuous commitment to the highest operational standards.

Compared to 2015, year in which the Paris Agreement was signed, we already delivered improvements in many areas. While we are nowhere near the end of the journey, we also want to celebrate the milestones already achieved.



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 most recent 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 and we place others on the market which can be hard to recycle within the existing infrastructure or of which 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, 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 multi-year 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, Bio4plastics to work on film based products and process to reach proof of concept for new and more sustainable products.

Silver

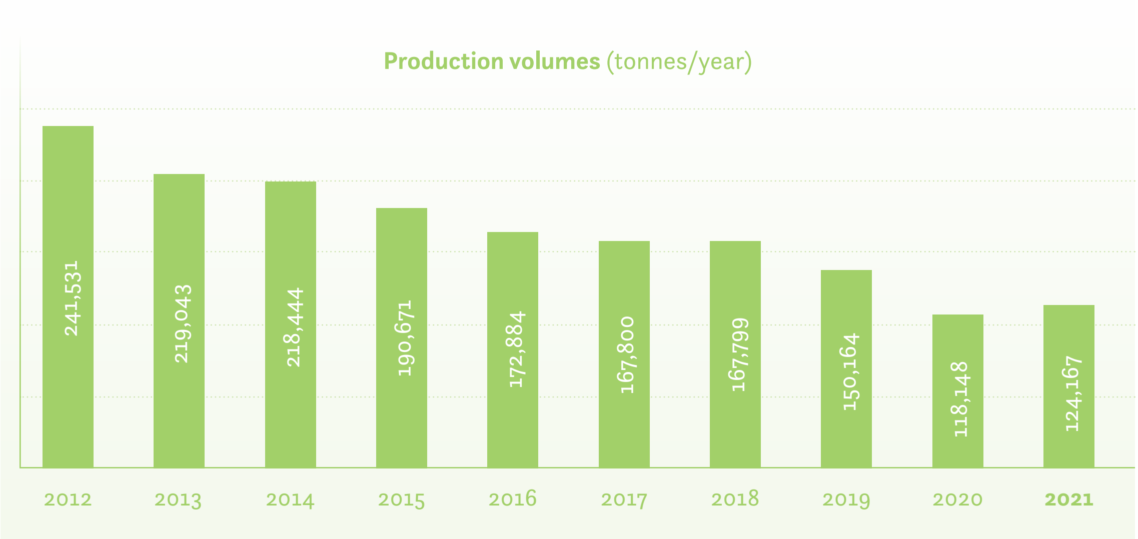
We produce silver-based light sensitive films for imaging products that serve for many applications. Silver halide technology is key in X-ray technology and other medical applications and it is also used to test materials for their safety in a non-destructive way, e.g. pipelines, cars, airplanes, ... 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 2021 performance and activities

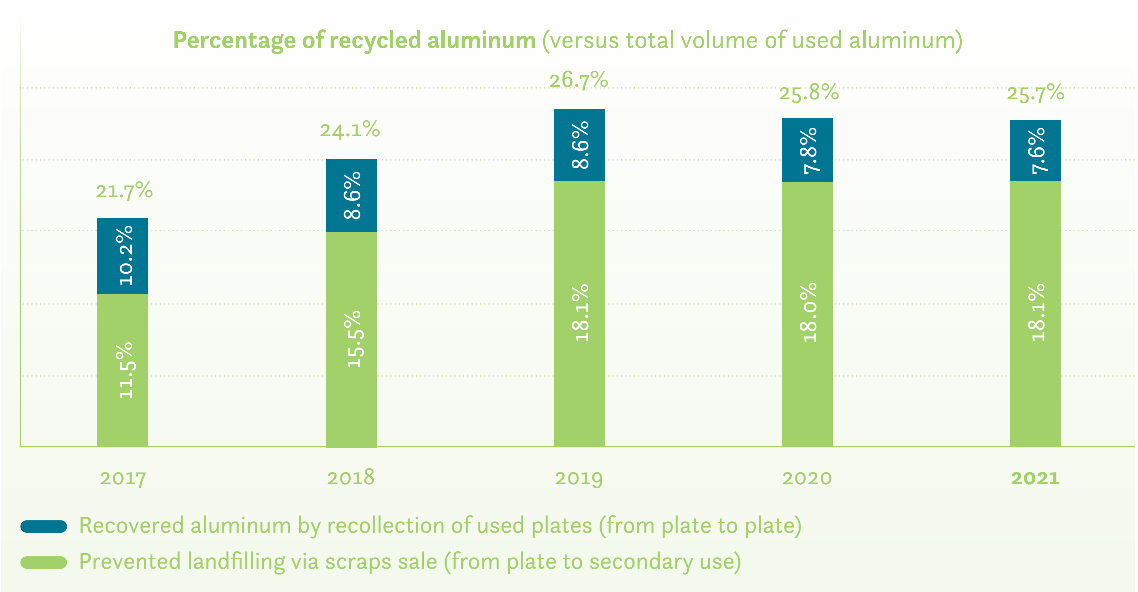
Compared to 2020, the worldwide volume by weight of manufactured products increased by 5.1%, but still remains at a lower level than previous years.



Compared to 2020, the film manufacturing plants increased production volumes by 1.21% (total by weight); this increase is driven by a 6.5% increase in the production of chemicals (including developing fluids) and a decrease of approximately 3.7% in (PET) film production itself. The decrease in (PET) film production is a trend that has been continuing in the last years due to overall reduction of market demand.
The global production of printing plates increased by 8.27% in 2021 compared to the previous year; in 2020 production volumes were particularly affected compared to the past due to the discontinuation of production at two facilities.
The production volume by weight for equipment decreased by 5.7% in 2021. In terms of numbers, this includes approximately 950 units produced for graphics applications (Manerbio and Mississauga) and approximately 2,295 units for medical applications (Munich, Peiting, Peissenberg and Wuxi).

Percentage of aluminum recovery (% versus total volume of used aluminium)
In 2021, 25.7% of the total amount of aluminum used for the production of printing plates was recycled. We are glad we managed to recover substantially the same level as last year, even if the volumes processed in 2021 were higher due to a higher demand of offset plates. Moreover, as of 2020 the data scope is broader, including the contribution from Agfa's partner Lucky HuaGuang Graphics Co.

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



While we see an increase of the total amount of recycled aluminum in 2021 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. In the case of our system, it 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.

The efforts to reduce the use of virgin materials are not limited to the KPIs reported above and our end goal is the continuous increase the circularity of materials wherever possible. We are proud that in 2021 we were selected by the Flemish Government to obtain the financial support of 1 million euros in the context of the strategic ecology support (STRES) initiative. This amount will partially cover our investment in the new 'twin-screw extruder' technology at our site in Mortsel, which will enable us to reuse up to 1,250 tons of PET per year while maintaining a high quality of the end product.
Another example is an improvement of the process flow of our coating line in Mortsel, where we were able to recuperate 152 tonnes of MEK solvent from waste vapour.

Due to the relevance of the optimization of the process needed to increase materials' efficiency, as of January 2020 we have formally appointed one of our managers in Belgium as coordinator 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 careful process design and it then entails a thorough mapping of waste sources to fine-tune production processes. 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 that 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 approximately 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.

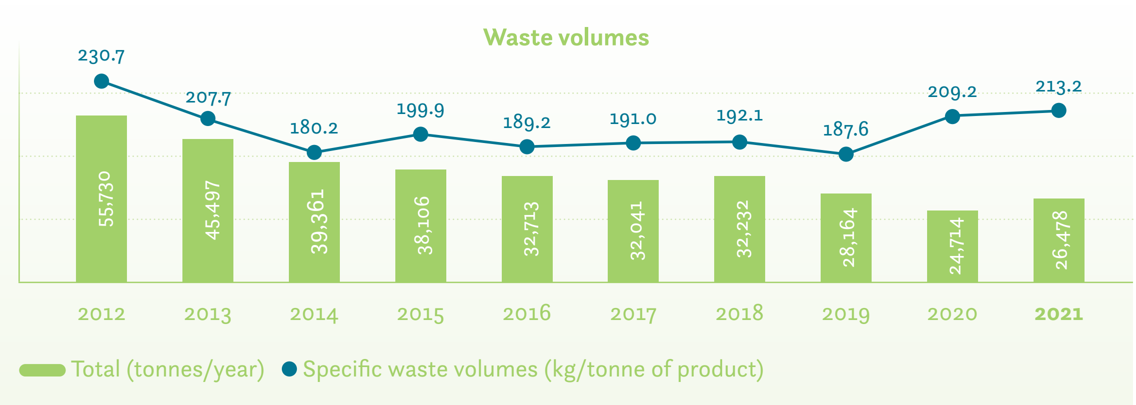
Beyond the efforts to reduce waste generation at the level of operations, we expect all our employees and all our stakeholders to act in an environmentally conscious manner. We see this as a continuous process of raising awareness, adjusting and improving waste separation.
To this extent, each plant 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. Total waste volume (tonnes/year)
2. Specific waste volume (kg/tonne of product)
3. Share of hazardous and non-hazardous waste (%)
4. Waste directed to disposal (%)
   a. Incineration (without energy recovery)
   b. Incineration (with energy recovery)
   c. Landfill
5. Waste diverted from disposal (%)
   a. Recycling
   b. Physical-chemical treatment
   c. Valorization

Our 2021 performance and activities

In 2021, both the total volume of generated waste and the specific waste volume increased, respectively by 7.1% and 1.7%. This increase was due to changes in the frequency of production.



While the volume of generated waste increased, we managed to further reduce the percentage of hazardous waste, achieving a ratio of 4:1. In this context, we will continue to optimize and collaborate with waste processors, so that the ratio between non-hazardous and hazardous waste will continue to improve.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Landfill	6,373	4,103	4,214	3,586	3,462	2,669	2,910	362	295	163
Incineration	296	217	327	227	127	782	527	328	277	212
Recycling	44,690	37,220	30,879	29,939	24,603	24,398	24,293	22,815	20,231	22,045
Energy recovery	1,308	1,257	1,173	1,438	1,188	1,057	1,336	1,583	1,387	1,662
Physico-chemical treatment	632	431	187	119	192	262	146	180	71	122
Valorization	2,431	2,270	2,581	2,796	3,141	2,874	3,020	2,895	2,453	2,275
TOTAL (tonnes/year)	**55,730**	**45,497**	**39,361**	**38,106**	**32,713**	**32,041**	**32,232**	**28,164**	**24,714**	**26,478**
Non-hazardous	77%	75%	76%	75%	86%	86%	85%	76%	74%	78%
Hazardous	23%	25%	24%	25%	14%	14%	15%	24%	26%	22%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Waste directed to disposal (%)	14.3%	12.3%	14.5%	12.8%	14.6%	14.1%	14.8%	8.1%	7.9%	7.7%
Waste diverted from disposal (%)	85.7%	87.7%	85.5%	86.2%	85.4%	85.9%	85.2%	91.9%	92.1%	92.3%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Benificial use of waste (%)	88.0%	90.5%	88.5%	90.0%	89.0%	89.2%	89.3%	97.6%	97.7%	98.6%
Proportion waste in landfill (%)	11.4%	9.0%	10.7%	9.4%	10.6%	8.3%	9.0%	1.3%	1.2%	0.6%

Regarding the destination of the generated waste, we also managed to improve the already record figure from last year, as the percentage of waste diverted from disposal increased to 92.3% in 2021. The share of waste that ultimately remains 'waste' and is directed to landfill continues to decrease and it is now only a very small fraction (0.6%) of the total volume of waste.

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, as of 2020 we are running a study to install a second twin extruder to reduce waste generation in the PET extrusion line to further reduce waste in the years to come.

Already in 2020, we had recorded an increase of the specific waste volume. In 2021 we started analyzing the waste sources to determine possible corrective actions. In our operations waste is mostly generated in the start-up/stop phase of production campaigns. Unfortunately, also in 2021 production frequency was affected by fluctuating market demands and it was not possible to implement corrective actions to act on the specific waste.

This reduction of (specific) waste volumes will remain a point of attention in the coming years.

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 45% of the overall water consumption of the Group – we plan several measurements per month, carried out by an accredited laboratory. Monthly consumption is monitored by the responsible 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 driven 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.

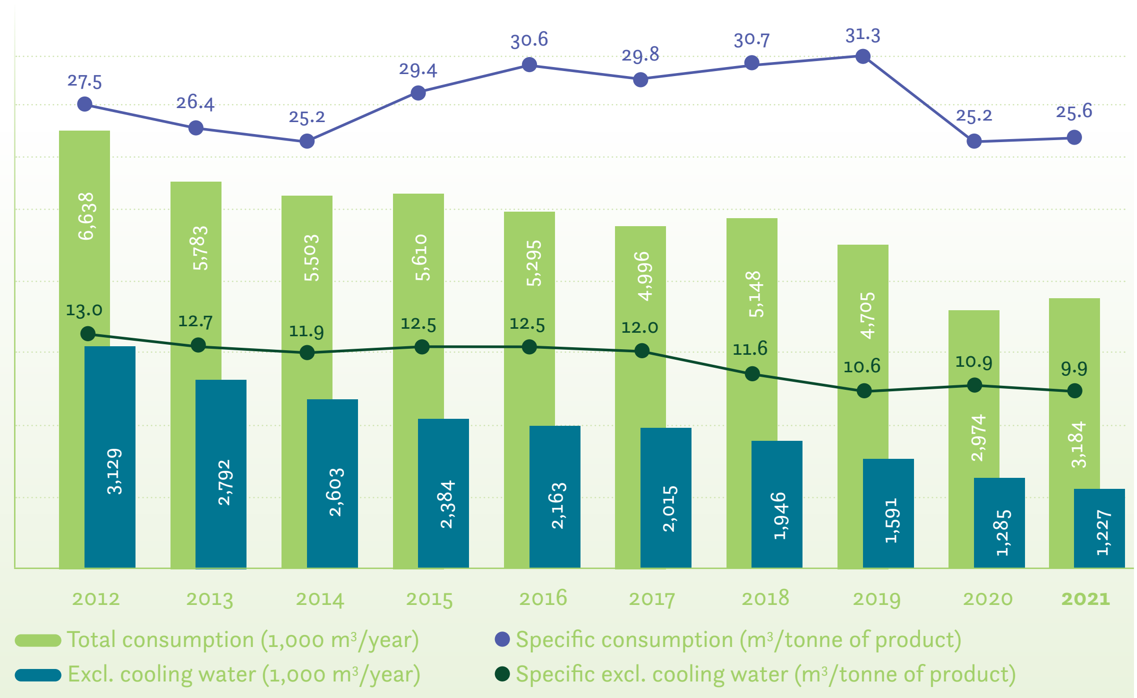
Our indicators

1. Total water consumption (1,000 m^3/year)
2. Specific water consumption (m^3/tonne of product)
3. Total waste water (m^3/year)
4. Specific waste water volume (m^3/tonne of product)
5. Waste water reuse in Mortsel, Belgium (% total water consumption)
6. Waste water pollutant load (tonnes per year)

Our 2021 performance and activities

Water consumption

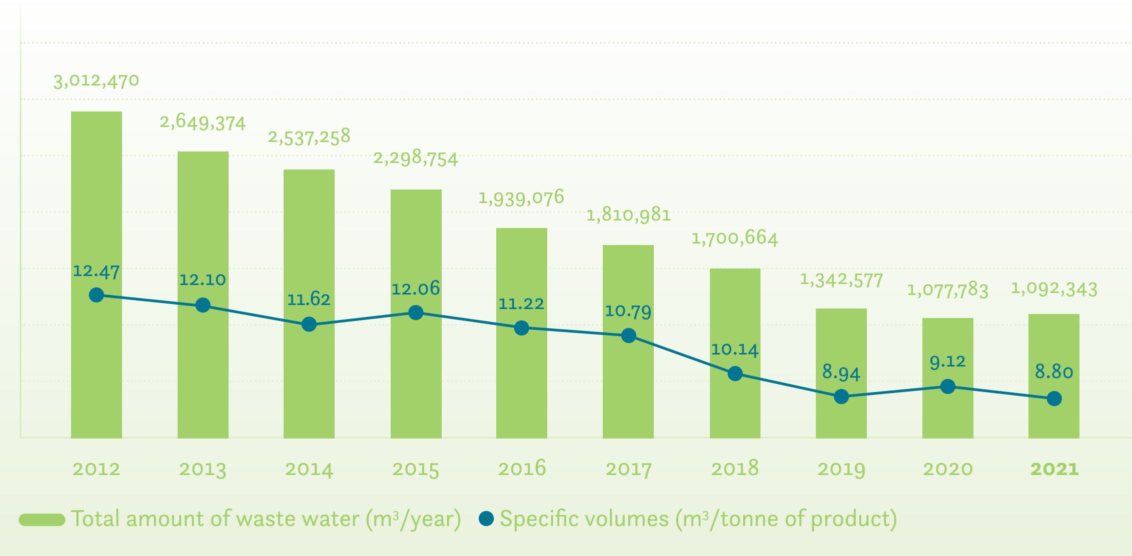
Total water consumption increased by 7.1% in 2021, due to the increase in the use of cooling water to support higher production volumes. The specific water consumption increased slightly (+1.9%) compared to 2020, but it is still well below the values of previous years.
The trend in reduction of absolute amounts of water used in processes that exclude cooling continues to decrease, by 4.5% in 2021 compared to 2020; the associated specific value even decreased by 9.1% to 9.9 m^3 per tonne of product produced. The specific process water consumption was further reduced to 3.6 m^3 per tonne of product produced.
While the overall performance leaves space for further improvement, especially regarding the optimization of amounts of water used for cooling, we are proud of the results achieved so far by our continued efforts to use water sparingly.



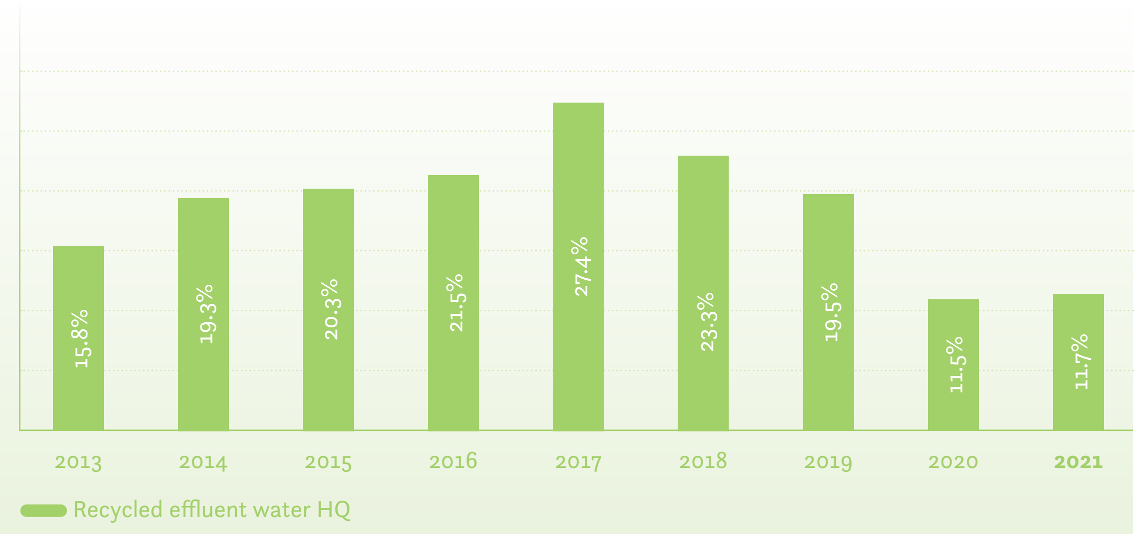
As an example of the efforts in this area, in 2021 we set up a partnership with Hertecant Flanges and Magazijnen Hendrickx to recuperate rainwater and use it in the production site of Heultje. After running a study to assess the feasibility of different options in 2020, the partners agreed to build a large basin to collect rainwater that Agfa and HF will use for their production needs.

Waste water volumes

The total volume of waste water increased slightly in 2021 by 1.4%; however, this increase is decoupled from the increase in production volumes and the specific waste water volume decreased by 3.6%.



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 and we have traditionally reused a significant amount of water. In 2021, 11.7% of the total water consumption was reused for useful application. The decrease compared to the past trend is due to the overall reduction of water sent to treatment due to reduced production volumes.



The wastewater pollution load decreased by 2.2% in 2021. Further optimizations of the water purification system continue to deliver positive results and the trends have been in the right direction for several years in a row. The specific pollution load excluding aluminum decreased by 20.2% in 2021, which corresponds to a low value of 1.3 kg per tonne of product produced and confirms the optimizations of the water treatment.

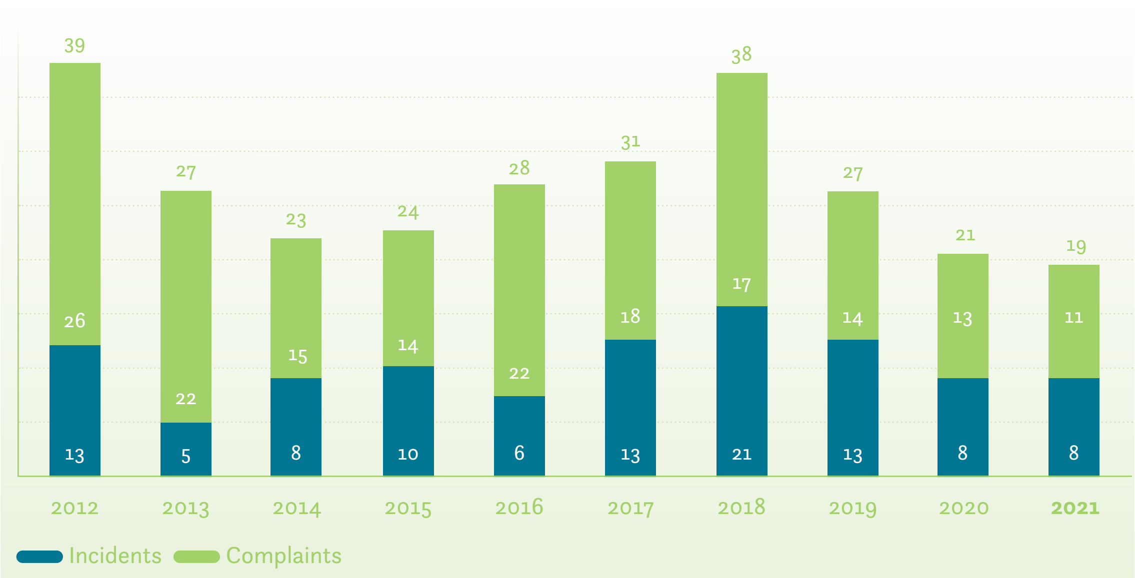
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Specific volume (m^3/tonne of product)	13.56	12.47	12.10	11.62	12.06	11.22	10.79	10.14	8.94	9.12	8.80
COD	1,101.5	524.1	473.1	491.3	462.9	322.7	373.4	347.4	255.4	177.8	155.1
N	46.1	17.8	20.4	17.9	15.7	9.5	9.5	12.1	10.7	10.0	9.8
P	97.6	97.0	66.5	56.4	54.2	38.1	37.3	34.4	34.4	10.9	1.6
AOX	0.6	0.9	0.5	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.2
Heavy metals exl. Al	0.4	0.5	0.5	0.3	0.4	0.4	0.2	0.3	0.2	0.1	0.1
Aluminum	30.5	77.5	114.2	34.9	170.4	88.5	40.5	117.2	71.2	52.8	79.4
TOTAL (tonnes/year)	**1,276.8**	**717.8**	**675.1**	**601.4**	**703.9**	**459.5**	**461.2**	**511.7**	**372.1**	**251.7**	**246.2**

The residual COD value fell further in 2021 by 12.8% to 155.1 tons per year, which is again the lowest value ever. The nitrogen (N) value maintains its low figure and with the closure of the Leeds site, the load of phosphorus (P) was almost completely eliminated. With regard to aluminum we recorded an increase, which was largely due to the inefficiency of an installation in Wiesbaden for which corrective measures have been taken in the meantime.

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.

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.



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.

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 have started assessing the possibility to set global targets on the specific KPIs defined so far. While we considered it premature to do so, we have identified certain priority areas for action, also thanks to a more focused exchange with our stakeholders, such as PET, packaging and the possibility to increase the use of bio-based materials.

Even if outside the scope of this chapter, we also focus on delivering innovative products and solutions that enable our customers to increase their own circularity (for more details refer to the section on Sustainable Business Solutions) and this will certainly remain a high priority on our agenda.

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2. Climate Action

Today like never before it is evident the urgent need to fight – and prepare to adapt to - climate change. This needs commitment and cooperation on many fronts: the compliance with the ambitious EU, local and national policies, voluntary measures tailored to our organization and a societal behavioral change needed to support such objectives.

This is why climate action is and will be one of the main points of attention in our future plans, both on reducing our operational impact, and on delivering always better solutions to the market.

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 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, whose sites produce approximately 32% of our total production volumes and – as such – are among those driving the figures for 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 report is prepared annually.

Moreover, an Energy Management Team is in charge of monitoring and planning 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.

Our indicators

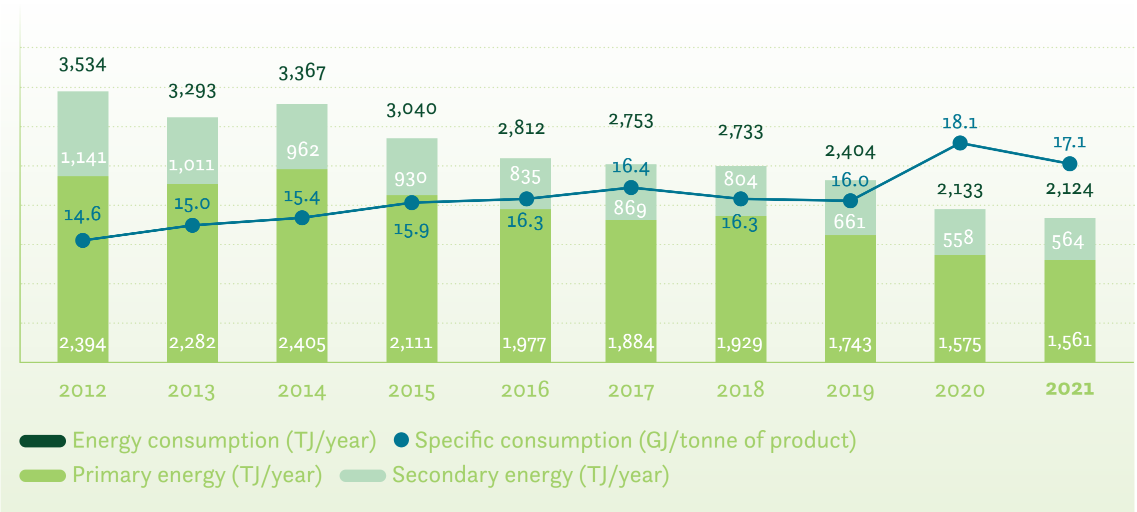
1. Total energy consumption (TJ/year)
2. Energy consumption of primary energy (TJ/year)
3. Energy consumption of secondary energy (TJ/year)
4. Specific energy consumption (GJ/tonne of product)

Our 2021 performance and activities

Energy consumption

Total energy consumption (primary and secondary together) slightly decreased by 0.4% in 2021 compared to 2020, which is a satisfying result considering that it is decoupled from the increase in production volumes (+5.1%). This decrease is the result of ongoing analysis, monitoring and optimization of energy efficiency and is mostly driven by a reduction in the use of natural gas and electricity.

The specific energy consumption also decreased by 5.2% to 17.1 GJ per tonne of produced product. However, this value remains higher than in past years due to changes in the frequency of production as start-up/stop phases of production campaigns are responsible proportionally of a higher share of energy consumption.



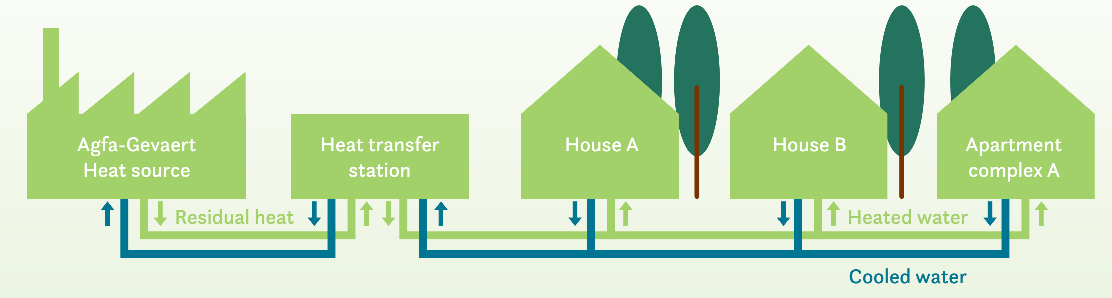
The reduction in secondary energy was mainly driven by the closure of the Leeds site and by the reduced amount of purchased electricity used for our installation of combined heat and power plants at the Mortsel film factory, one of the biggest contributors to our overall global energy consumption.

The consumptions level of primary and secondary energy remained almost unchanged, with a decrease of 0.9% for the former and increase of 1% for the latter. These fluctuations are also decoupled from the increase in production volumes (+5.1%).

In 2021, we kept investing to reduce our energy consumption and to improve its use efficiency. For instance, we installed a park of 2,866 solar panels on the roof of our film factory in Mortsel. These have a capacity of 1,075 KWp and can provide up to 905 MWh of green energy per year, avoiding 158 tons of CO_2. The Agfa group will consume 80% of the green electricity generated by the solar panels to supplement the combined heat and power (CHP) units already installed at the site.
In Wiesbaden, where our factory is part of a broader business industry park, steam was extracted from the central supply of the business park, thus improving the efficiency of this installation.
In Heultje, we built an installation for cooling water production, which allowed us to use 2,200 MWh less steam, consequently avoiding 430 ton CO_2 emissions.
In 2021, we also continued to upgrading to LED lamp lighting; for instance, just in 2021 in our Belgian buildings we replaced 15,000 lamps, reducing our electricity consumption by approximately 1,400MWh.
Overall, further sub-optimizations of existing installations continue to be a point of effort, to continuously improve the efficiency of the installations and to tailor it to the needs and requirements; for instance, to recover heat from the CPH that are installed at our sites.

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 United Nations 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. CH_4, PFCs, NF_3, 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, whose sites produce approximately 32% of our total production volumes and – as such – are among those driving the figures for our Group 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.

Our indicators

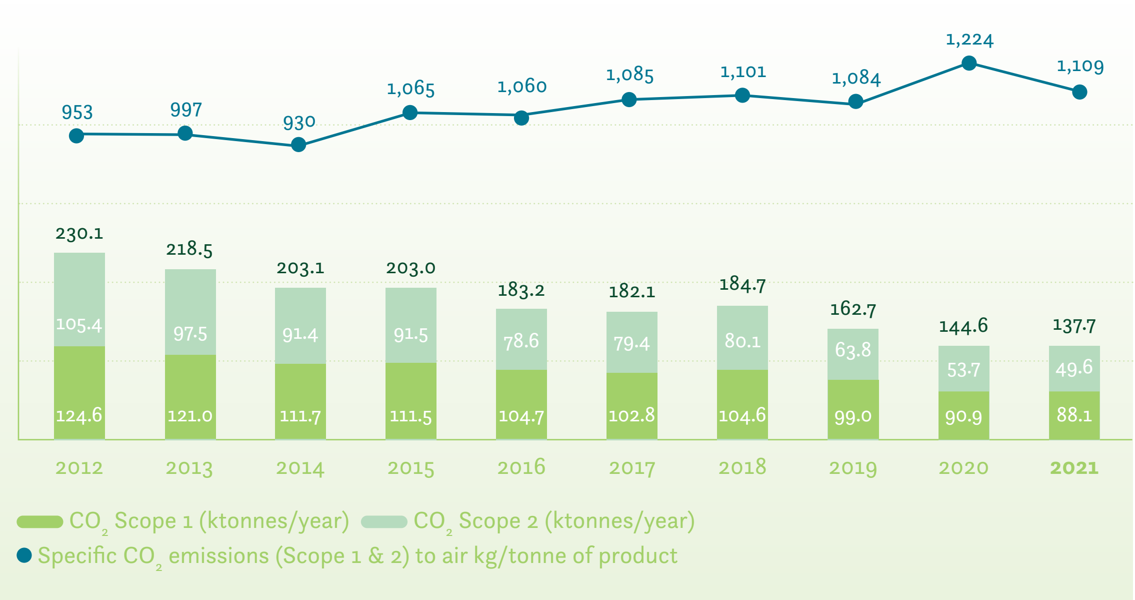
1. Total CO_2 emissions to air (ktonnes/year)
2. Direct CO_2 emissions (Scope 1) to air (ktonnes/year)
3. Indirect CO_2 emissions (Scope 2) to air (ktonnes/year)
4. Specific CO_2 emissions to air (ktonne/product)

Our 2021 performance and activities

CO_2 emissions to air

In 2021, both the direct amount of CO_2 emissions (Scope 1) and the indirect amount of CO_2 emissions (Scope 2) decreased, by 3.2% and 7.6% respectively compared to 2020.

The specific CO_2 emissions (Scope 1 and 2 together) decreased by 9.4% in 2021. However, this value remains higher than in past years due to changes in the frequency of production as start-up/stop phases of production campaigns are responsible proportionally of a higher share of CO_2 emissions.



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 2021 we kept looking at our impact beyond operations and we ordered the first electric vehicles to go for the electrification of our Belgian car-park, i.e. vehicles used for commuting by our staff.

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

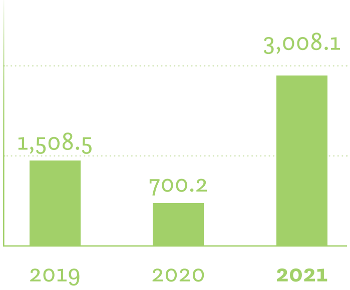
1. Emissions of ozone-depleting substances (tonnes CO_2 equivalent/year)
2. NO_x, SO_2, VOC, VIC emissions (tonnes/year)
3. VOC emissions (tonnes/year)
4. Specific VOC emissions (kg/tonne of product)

Our 2021 performance and activities

Ozone-depleting substances (CO_2 tonnes equivalent/year)

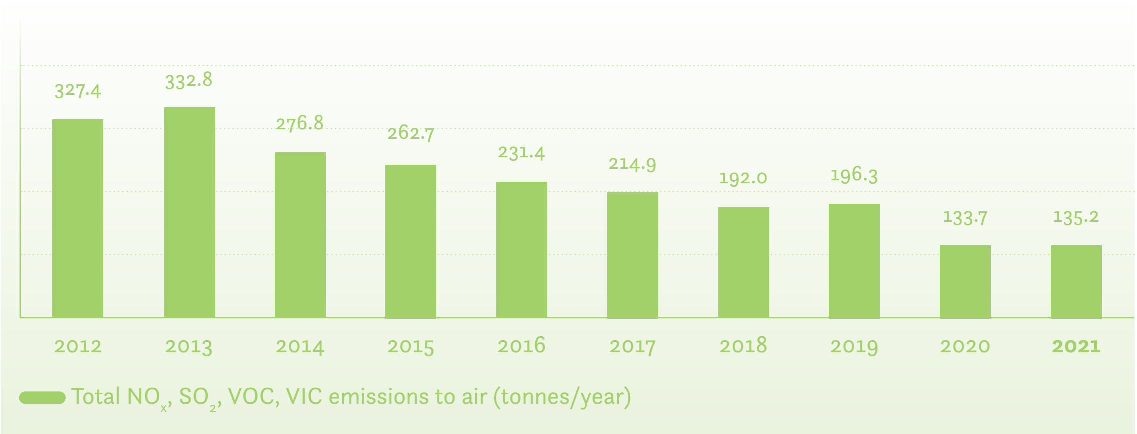
For 2021, we unfortunately have to report a steep increase in emissions of ozone-depleting substances. This was due to a serious internal defect of a cooling machine at the Mortsel site that could not be detected early. All corrective measures have been taken in the meantime and the procedures and actions have been evaluated to prevent similar situations as much as possible.

Ozone-depleting substances
(tonnes CO_2 equivalent/year)



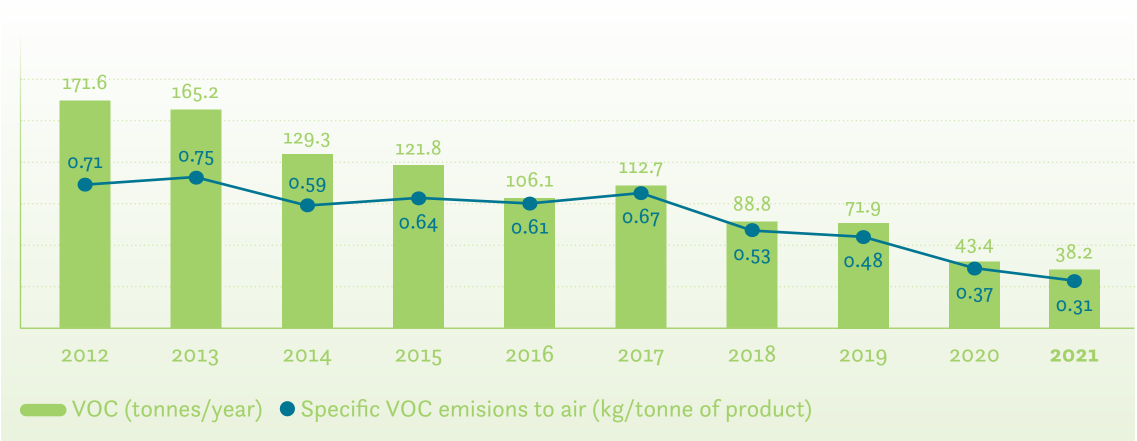
We only report data starting from 2019 because we had previously detected some misalignment in the calculations methodologies between some of the sites. We consider the reported data more representative for data comparison purposes as they have been calculated in the same way by all sites.

NO_x, SO_2, VOC, VIC emissions to air



	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
NO_x	142.1	141.6	140.4	137.5	120.3	99.4	99.0	119.0	86.8	93.1
SO_2	9.7	23.5	5.1	1.5	1.5	0.8	1.5	2.7	1.1	1.5
VOC	171.6	165.2	129.3	121.8	106.1	112.7	88.8	71.9	43.4	38.2
VIC	4.0	2.5	2.0	1.9	3.5	2.0	2.8	2.8	2.4	2.4
TOTAL (tonnes/year)	**327.4**	**332.8**	**276.8**	**262.7**	**231.4**	**214.9**	**192.0**	**196.3**	**133.7**	**135.2**

VOC emissions to air



Air emissions excluding CO_2 rose slightly in 2021 by 1.1%. This increase is almost entirely due to the higher NO_x emissions associated with natural gas consumption.

As a result of continuous efforts and optimization of processes, the trend of the VOC emissions is in continuous decrease and the absolute emissions decreased by 16.2% in 2021. In parallel, specific VOC emissions decreased to 0.31 kg per tonne produced, the lowest value over the last 10 years.

We also continue to increase the solvent recovery rate through improved business practices and plant modifications. The decrease is also due to several optimizations made possible by automation of solvent balance tracking.

Our commitment for the future on Climate Action

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

We will keep reflecting this commitment in our corporate strategy by identifying annually priority projects for impact, both in our operations but also in cooperation with partners along the value chain. We will also continue fully supporting the implementation of the European Green Deal, which is a key tool to achieve sustainable development. We consider this of the utmost importance to drive the entire industry towards more sustainable production and we fully support it both via all our sectors' associations and our own processes.

With a vison to gradually become a net-zero organization, we will gradually set targets for ourselves, be it on overall emissions but also on specific areas or raw materials use. While some plans are already very concrete, e.g. a significant increase in the purchase of green electricity for our Belgian sites in 2022, others are still under definition. In those areas where we are not yet mature enough to make commitments, we have already increased our efforts to transparently exchange with partners that can help us identify gaps, define corrective actions and improve our overall performance.

To support the commitment above, in addition to new technical implementations, we also consider all those activities of training and awareness raising around key issues that are key to drive behavioral change and support innovation.

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.

Our policies

Our values are reflected in the Group's Code of Conduct (CoC). To support the translation of the CoC into clear day-to-day processes, we rely on a series of policies and corporate guidelines, both at global and local level. Not listed in order of priority, here are some examples of the policies we rely on for the topics addressed in this chapter:

- Corporate Safety, Health & Environment (SH&E) policy;
- HR Recruitment policy;
- Global Learning & Development policy;
- Compensation & Job evaluation policy.

Scope of the data reported and reporting process

Unless stated otherwise, 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 the section on 'Diversity & Inclusion' 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.

The quantitative data reported in the section on 'Health & Safety' are gathered by the SH&E global department based in Agfa's head office. Each manufacturing site is responsible for its own data submission to HQ and the format of reporting varies depending on the type of data reported – more information is provided in the dedicated section.

We are Agfa

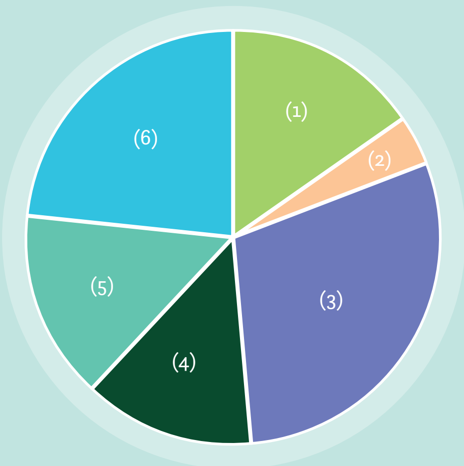
NUMBER OF EMPLOYEES

A TOTAL OF

7,373

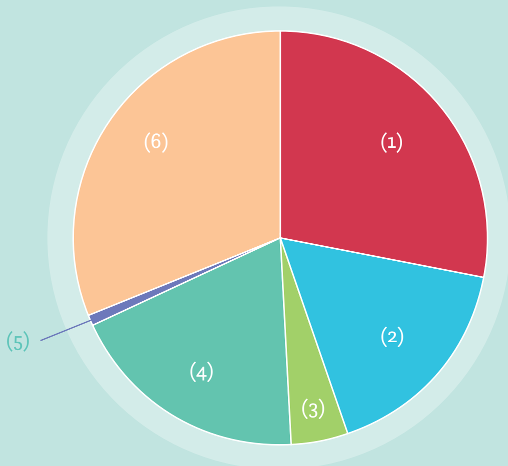
in 2021 or 7,108 full-time equivalents

EMPLOYEES PER CORPORATE FUNCTION



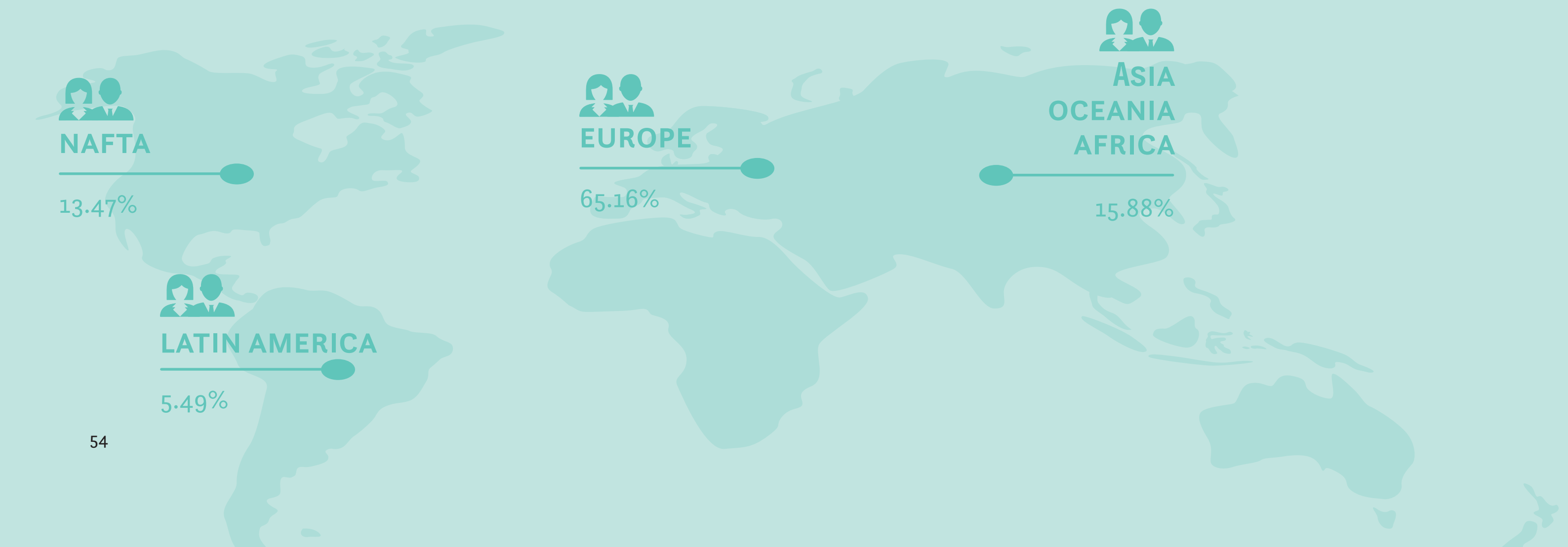
(1) General & Administration **17.78%**
(2) Logistics & Supply chain **4.00%**
(3) Production **31.19%**
(4) Research & Development **11.73%**
(5) Sales **15.35%**
(6) Service **19.94%**

ALLOCATION OF EMPLOYEES

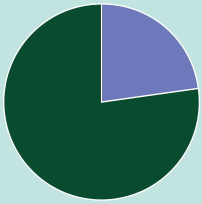


(1) Offset Solutions **24.03%**
(2) HealthCare IT **17.13%**
(3) Digital Print & Chemicals **5.34%**
(4) Radiology Solutions **18.65%**
(5) Corporate **1.18%**
(6) Support services **33.66%**

EMPLOYEES PER REGION

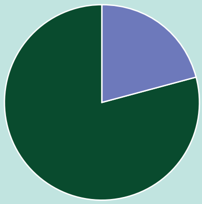


WORKFORCE



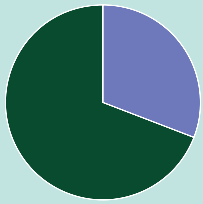
FEMALE 22.92% | MALE 77.08%

MANAGEMENT POSITIONS



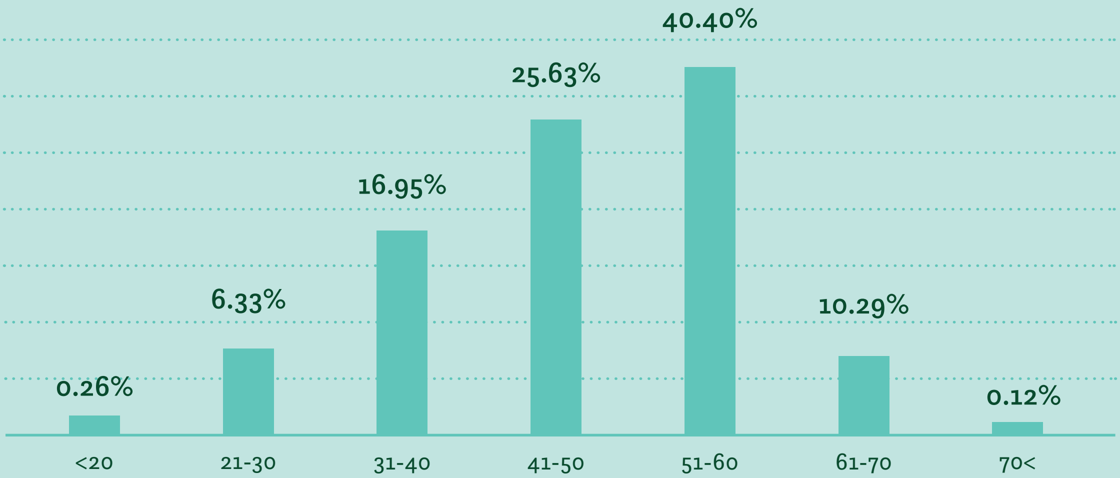
FEMALE 20.94% | MALE 79.06%

ON RECRUITMENT



FEMALE 30.88% | MALE 69.12%

EMPLOYEES BY AGE GROUP



AGFA HAS 81 NATIONALITIES
THE TOP 5 CONSISTS OF:

BELGIAN

2,539
EMPLOYEES

GERMAN

875
EMPLOYEES

AMERICAN

606
EMPLOYEES

CHINESE

417
EMPLOYEES

CANADIAN

314
EMPLOYEES

2021 in a snapshot

In short, 2021 was the year of the acceleration, where ambition was translated into concrete actions and bold plans for the future.

While sustainability has always been a part of Agfa's DNA, traditionally the efforts to systematically include sustainability priorities in the business strategy have been mainly addressed at team and divisional level. In 2020 we focused on building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments. While the continued impacts of the COVID-19 worldwide pandemic demanded flexibility in planning and extreme resilience from all our teams, in 2021 we continued to work on translating corporate objectives into concrete actions and the main focus regarding our people was to:

- Continue ensuring safety for all our workers during the global COVID-19 crisis;
- Support our people's managers by continuing providing tools and resources to coach and support team members, emphasizing empathy and resilience. This included launching – completely virtually – our New Leaders Track for 17 people newly become people managers;
- Prepare for the 'future of work', as hybrid meetings, learning and events remained an integral part of our work and will be a way to appeal to a wider talent and stakeholders' pool;
- Roll out a series of initiatives to progress on our 2025 targets for key areas, such as safety in operations and Diversity & Inclusion;
- Ensure visibility across the organization for key topics, as well as refining processes and define data (sharing) needs to work more efficiently;
- Set up a reliable data management process to gather and regularly share internally the data needed to monitor progress towards our 2025 targets on Diversity & Inclusion and Safety in the workplace.

To serve society at large in 2021 we:

- Kept supporting healthcare frontline workers by providing specific configurations in our solutions support;
- Continued working on our initiatives #countonus and #strongertogether to support customers worldwide in facing challenging work conditions;
- Launched a series of services to further improve our solutions portfolio, to address even better the needs for digitalization and efficiency, e.g. the artificial intelligence program SMART XR for radiology workflow and the new web technology in Enterprise Imaging for remote diagnostic imaging.

People remained our
No.1 priority
during COVID-19:
#safetyfirst #countonus #strongertogether

BY 2025,
15% women
in high management positions

-19%
ACCIDENTS WITH MINIMUM ONE DAY LOST
versus
target -50% by 2025

Getting ready for the FUTURE OF WORK:
Average hours learning per employee
(per year online)
+47%

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

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 (S&H) 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.
In addition to safety, we consider important and dedicate attention to all those aspects of people's health that can be influenced by work conditions, e.g. ergonomics, illness prevention, healthy life style, ...

Our management approach

The activities around S&H management are built on the basis of our Corporate Safety, Health and Environment (SH&E) policy. Each division appoints a SH&E Manager who contributes to the roll-out and evaluation of the policy and objectives and is member of the Corporate SH&E Management Committee.
At least every three years the SH&E Management Committee re-evaluates the corporate policy, its organization, management system and objectives. 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 SH&E coordinator. To ensure the highest standards, we have different policies in place at each site, including contractors and subcontractors wherever relevant. 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 control 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.
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.
As part of S&H measures we address also those aspects of people's health that can be influenced by work conditions. For instance, providing training for the correct set up of the work space considering ergonomics, advice on how to keep active and have a healthy life style or medical check-ups at some of our plants.

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.
Psychological assistance targeting this particular pandemic period was also envisaged in some cases.

Our target(s)

With a vision to get to zero accidents, we have set a target to reduce by 50% the number of accidents with minimum one day lost by 2025 (compared to the 2019 baseline).

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 minimum one lost working day
   Frequency rate = (Number of accidents / hours worked) * 1,000,000
3. Number of accidents with minimum one lost working day
4. Degree of severity of accidents involving minimum 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.

Scope for these indicators: the quantitative data reported cover solely manufacturing operations.

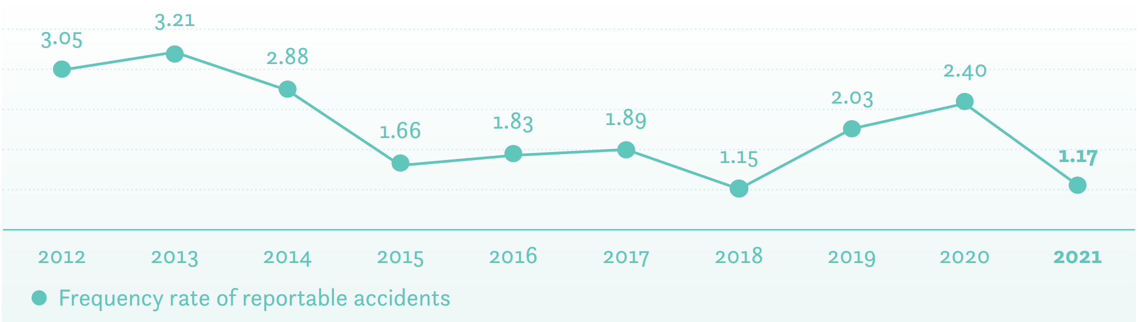
Our 2021 performance and activities

The focus in 2021 was to increase safety at all levels of operations, while managing the COVID-19 impacts. Our people safety was the number one priority in the course of the pandemic, and we kept implementing all the necessary safety measures and adjustments to our way of working (*more details in the next section*). At the same time, we worked on improving Health & Safety for all:

- We continued to analyze the root causes of the accidents across all our manufacturing sites to learn from those with the lowest occurrences what measures have the most impact. This led to piloting the

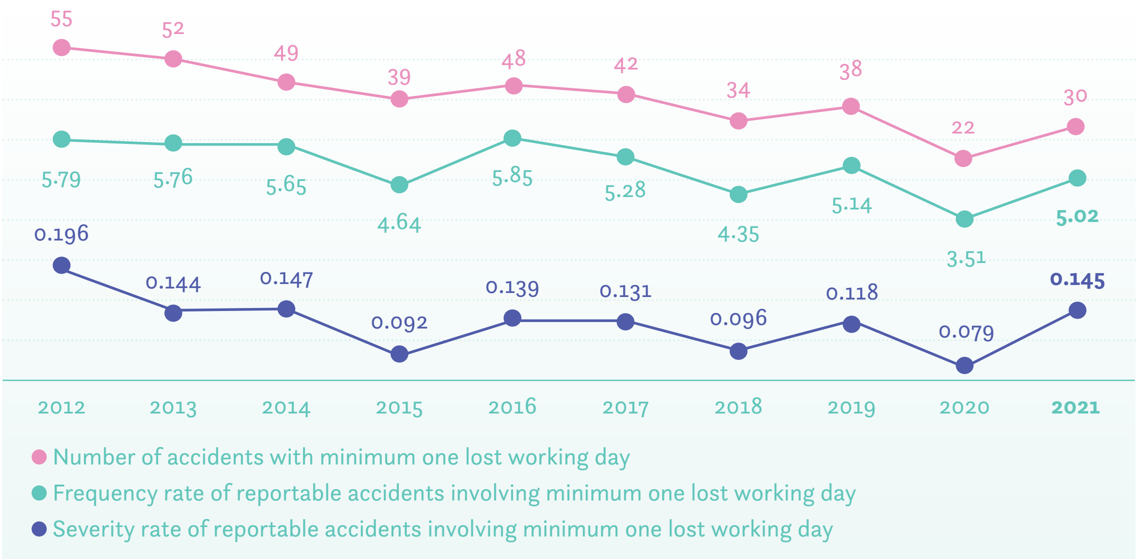
6-S methodology (Sort, Set in Order, Shine and Inspect, Standardize, Sustain, Safety) for two pilot projects in Mortsel, on the example of the Mississauga site (Canada). The 6-S process is a lean approach to space management that helps creating a safe and efficient workplace and maximizing value-added work.
- We kicked off a 'Brain Based Safety' initiative for our maintenance and services team in Mortsel, which has historically been one of those recording a high number of accidents. The initiative, which will be further rolled out in 2022, builds on neuroscience to deliver coaching that addresses the human behavior as root cause of work related accidents.
- We worked on the harmonization of incidents reporting worldwide, to ensure we always have all data at hand to carry out appropriate corrective actions.
- We introduced a new notification process for accidents to give these occurrences more visibility to the management and increase accidents' investigation and follow-up.
- We increased overall communication to work on accidents prevention by raising awareness about potentially dangerous situations, e.g. using our newsletters and internal communication channels.

As a result of these efforts, the frequency of reportable accidents has decreased in 2021, both compared to last year and to when we first started tracking this value, almost reaching the absolute minimum ever recorded for the Group.



The results also confirm that we are on the right trajectory to halve the accidents with minimum one working day lost by 2025 since they already decreased by 19% in 2021 compared to the 2019 baseline (1).

The frequency rate and severity rate of reportable accidents with minimum one working day lost, instead, increased in 2021 compared to previous reporting years. These higher figures are due to the combination of two factors, i.e. some accidents with particularly long recovery periods and a lower number of total hours worked (approximately -4.5% compared to 2020 and -19% compared to the baseline year 2019).



(1) The progress is measured by comparing the number of accidents occurred in 2021 with the 2019 share of accidents occurred in the same sites that are still today part of the Group. This is why the reported progress is 19% and not 21% (resulting from comparing 2021 with total number of accidents in 2019).

Given all the considerations and data reported above, we can report that the overall long term trend is still declining and we are proud that several plants succeeded in having zero accidents with lost time, some plants for several years in a row. Nevertheless, programs to further reduce accidents are and will continue running at all locations. Planning and executing observation rounds remains the key instrument to spot potentially unsafe situations and prevent accidents and injuries from happening.

Our commitment for the future

S&H 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 people. To achieve our target on reducing the number of accidents with minimum one lost working day, we will continue reinforcing safety programs and education in sites with the highest number of accidents. As of 2022, we will analyze the impact of the 6-S program roll out in Mortsel and – if successful in reducing the occurrences of dangerous or potentially dangerous situations – we will extend it to other departments beyond the piloted ones. We will also keep getting ready for the future of work, which will entail more hybrid work and the need for more virtual interaction on many levels, not only on the ways to maintain high level of attention, but also on the ways accidents prevention trainings are given, update of procedures, acting on ergonomics, checking in on mental well-being of people, ...

2021: COVID-19 continued impacts

In 2021, the COVID-19 pandemic continued to be part of a 'new normal', not only being a health threat, but keeping causing massive disruption to our families, societies and economies all over the world. Building on the learnings of 2020, we are glad to say that this situation confirmed our ability to adapt as a company.

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

To this extent, we kept monitoring the evolution of the COVID-19 outbreak on a global, regional and local scale via a centralized corporate COVID Task Force. We kept following the recommendations of the World Health Organization (WHO) and other relevant international guidelines, next to local and regional government ones. We have regularly and clearly informed our people on the measures to be implemented at the workplace to reduce the spread of the pandemic, while working with our social partners to limit as much as possible the economic repercussion on our people. Psychological support was also made available in certain cases.

We are glad that also in 2021 we succeeded in avoiding any major outbreaks at our premises.

If safety management measures were essential to safely running operations that are linked to manufacturing, as of 2020, we have accelerated our digitalization in all those areas where this was possible. To prepare for the future of work, we defined Post-Pandemic Global Guidelines on Hybrid Working. This went hand in hand with engaging virtually or in a hybrid way with our customers, via virtual demos or running virtual exhibitions, supporting them remotely, etc., ... Our project implementations have also moved to virtual in most cases.

Although teams will continue to work together, working away from each other on a long term and continued basis, can bring challenges that need to be addressed. To support our teams to succeed in their shift to hybrid working, we kept building their competencies and new behaviors. We provided a series of 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 teams, the COVID-19 outbreak has kept posing 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.
This is the spirit that led to #CountOnUs and #StrongerTogether, two initiatives focusing on supporting care providers by sharing customer cases, tips and know-how.

#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.

#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.

Agfa for the community

We are 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, and, above al, to make sure we do have a positive impact wherever possible. In normal times we do this by organizing physical meetings where we can meet the community, and in these last two years we used alternative communication channels, such as magazines or letters.

In addition to transparent communication and proactive engagement to understand what concerns shall be addressed, we try to provide concrete support whenever possible, via monetary or materials/equipment donations.

2. Employee development and engagement

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

The way Agfa ensures the well-being of its people, 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

While details for each process are provided in the sections beneath, the general management and key responsibilities for these topics 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.
As we have entered into a comprehensive transformation journey, strengthening our Human Resources expertise is a top priority for the Group to help us put our people at the center of our transformation. This is why in September 2021 the HR department was strengthened by the appointment of a Chief Human Resources Officer, who is now also a member of the Executive Committee.
In 2021, we carried out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best in class, obtaining a bronze medal. In addition to the rating of our current performance, the outcome of the EcoVadis assessment provided a list of recommendations for potential improvements that we are already addressing, including those for processes in the areas of health, safety, labor and human rights. We will use the feedback received to continuously improve our processes and related performance indicators.

"The transformation of Agfa is not about processes and operating models. It is about our people, culture and purpose. It's about creating an environment where our people feel they belong, where they can be their best self and be emotionally invested to deliver on Agfa's promise to society, customers and shareholders."

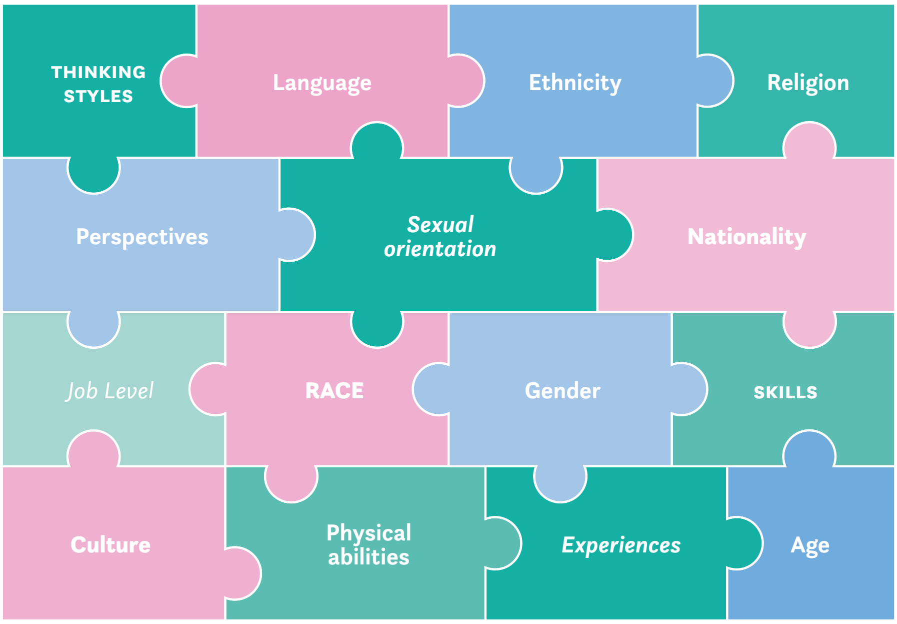
GUNTHER KOCH, CHIEF HUMAN RESOURCES OFFICER.

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

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 people are connected to the company and experience a sense of belonging, 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 81 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 and it 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 to the following:

- Apply the non-discrimination principle in all its forms and for all phases of life at Agfa, i.e. recruitment, promotion, ... ;
- Educate 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, the management is fully committed to actively support it. Agfa also expects that all its employees 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.
To support the translation of these principles into clear day-to-day processes, 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 D&I and in terms of maturity of the policies in place as the starting point.
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 target(s)

With a commitment to work on the different elements part of a D&I vision, we focused on gender balance as the first area to set targets. By 2025, we aim to have as part of our Group:

1. 50% women on recruitment and;
2. 15% women in high management positions (level 0, 1 and 2).

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

1. Total % man/woman workforce
2. % Man/woman per job category
3. % Man/woman in new hires
4. Employees by age group
5. Employees by nationality
6. Average salary/managerial level

Our 2021 performance and activities

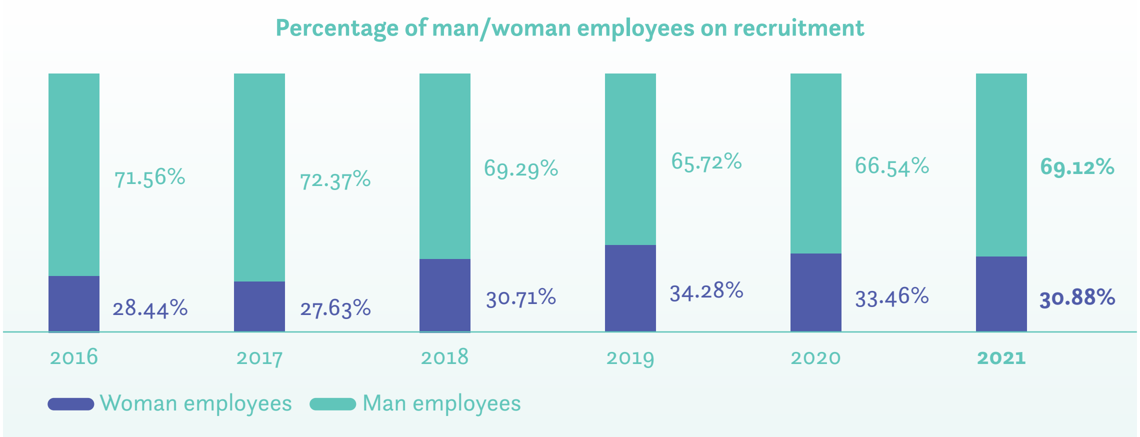
Since we are committed to diversity and inclusion in its broad meaning, i.e. in terms of culture, ethnicity, socio-economic status, age, gender, ... related activities are not dealt with in a silo, but are embedded in the different organizational processes described in this chapter. We also acknowledge that in the organization there is currently room for improvement, this is why 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 area, defining quantitative targets and a concrete action plan. For Agfa, this involves recruiting among a balanced candidate pool for every vacancy and, above all, to increase retention and improve satisfaction of employees, while also foster diversity within decision making roles.

In 2021 we set in motion a series of activities to reach our targets, fully aware that quantitative results would only be visible over time, due to the nature of the topic. We organize our activities around five pillars:

EMBED	*Focusing on the integration of corporate objectives in teams' objectives and having robust data management in place, by regularly reporting to the management on progress on the targets but also creating a D&I coordination group to regularly align on activities and working together.*
EMPOWER	*Focus on understanding the needs of current workforce and bridge gaps identified for women to climb the ladder and provide the right tools and training internally to address these topics.*
ATTRACT	*Make sure that our vacancies get the adequate visibility to a broad set of candidates, by using non stereotyped wording, diverse promotional material and platforms for publication and making sure that our career webpage properly portrays life @Agfa.*
SPONSOR	*Engaging at local level to develop future talents, e.g. working with schools and supporting STEM initiatives.*
SHARE	*Increase visibility of these topics both internally and externally, e.g. creating dedicated communication material for our social networks and giving visibility to this topic in our newsletter.*

As a result of our continuous actions, especially on social media, we have been nominated by LinkedIn for a Talent Award in Belgium. The award is recognizing the best talent acquisition teams attracting and cultivating talent and who have made a positive impact on the talent community of LinkedIn.
In parallel to these actions focused on gender, we started identifying areas for future action and made sure that the training and communication would address the broader scope of D&I. Already 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 2021 performance.
For the purpose of reporting on D&I, we have divided the category of high management functions into two groups. The channels to reach, retain and motivate these two groups are different and, therefore, it is more practical to monitor our performance separately to understand the impact of our activities.

Headcount/management level	2018		2019		2020		**2021**	
	Woman	Man	Woman	Man	Woman	Man	Woman	Man
Non-management	24%	76%	25%	75%	24%	76%	24%	76%
Low management	21%	79%	22%	78%	22%	78%	23%	77%
Middle management	15%	85%	15%	85%	16%	84%	17%	83%
High management (level 2)	9%	91%	9%	91%	10%	90%	10%	90%
High management (level 1 and 0)	6%	94%	12%	88%	15%	85%	13%	87%
TOTAL	**23%**	**77%**	**24%**	**76%**	**23%**	**77%**	**23%**	**77%**



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%	-
2021	**3.33%**	**36.49%**	**30.18%**	**16.84%**	**10.53%**	**2.11%**	**0.53%**

Regardless of the different actions in place, in 2021 there was a decrease in the percentage of women in new hires as well as a slight decrease of the percentage of women in high management positions.

The results are not going in the direction we are striving for and are to be attributed to a combination of reasons. Some challenges are specific to our organization, as we operate in a tech/industry sector which is male-dominated and, especially in 2021, we hired for a significant number of vacancies in manufacturing and male oriented business positions, e.g. sales, service, applications ... Other barriers are, instead, common to the market, specifically a proven worldwide female talent shortage and the undesired effect of the COVID-19 pandemic, which has shown the inequality still existing in our society, where women have been far more impacted by homeworking and homeschooling during the pandemic.

In light of these considerations, in 2021 we have reviewed these first targets and decided that maintaining this level of efforts and ambition is the right way to address the existing gaps.

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 apply non-discriminatory 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 2021 performance and activities

The table below gives an overview of the ratio average salary/management level between women and man 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		**2021**	
	Woman	Man	Woman	Man	Woman	Man	Woman	Man
Non-management	90%	103%	89%	104%	88%	104%	88%	104%
Low management	94%	102%	93%	102%	93%	102%	93%	102%
Middle management	93%	101%	94%	101%	96%	101%	97%	101%
High management (level 2)	92%	101%	97%	100%	106%	99%	106%	99%
High management (level 1 and 0)	73%	102%	70%	104%	73%	105%	72%	104%
TOTAL	**87%**	**104%**	**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.
In 2021, we revised the Global Bonus Plan to better link divisional and group parameters with the new 2021 group reorganized structure. The high-level principles on which the plan is based remain the same.

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 (s)he 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 people 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 2021 performance and activities

2021 was a challenging year, putting to the test our ability to adapt to work remotely on a long term basis and/or in a very different environment than usual. Having colleagues joining new teams remotely and interacting with our stakeholders in new ways.
In the course of 2021, we structured our approach to telework creating Agfa's Post-Pandemic Global Guidelines on Hybrid Working to provide the framework for eligibility, scheduling, arrangements and expectations. A hybrid model involves a renewed set of key characteristics and behaviours from both managers and employees to be successful. This is why we placed particular emphasis in developing these capabilities via training (more details in the next section).

Career guidance, performance and talent management

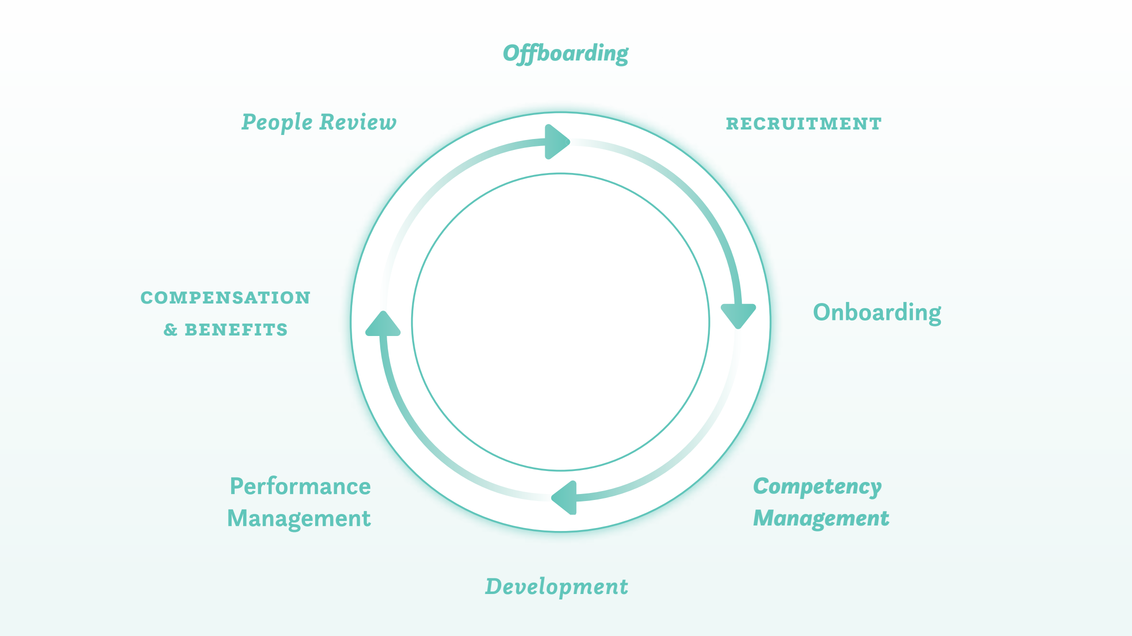
The processes of career guidance, performance and talent management are those processes implemented to ensure that each individual can thrive within Agfa and can make the best use of its potential to grow and contribute to the overall company performance.

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 a framework to ensure that employees continuously receive formal and informal feedback on their performance against a number of agreed targets, on both the 'what' and the 'how' these targets have been achieved. 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 focus on coaching and development rather than solely on evaluating performance. Our FeedForward framework provides guidance and coaching tips for people managers and their employees to have value-driven conversations focusing on goal progress, feedback and personal development.
This creates a more flexible performance culture in which both manager and employee play an active role:

- setting meaningful and result-oriented objectives;
- continuously clarifying expectations and redirecting objectives;
- giving, asking and exchanging feedback to improve performance;
- maintaining a dialogue on development.

Talent management

2021 saw a shift in strategy with a focus on an integrated talent management approach. 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. It further nominates key talents per region, i.e. employees who show the potential to take on roles with a broader scope and which are usually on Agfa's succession bench for wider roles. These Regional Talent Programs focus on acquiring the skills, knowledge and practice in building a concrete business case within a nine-month track which is then presented to the regional leadership teams. Clear outcomes are visibility of participants to management, better project management, business case and presentation skills for participants.

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 2021 performance and activities

In 2021 we kept supporting people's managers through another challenging year by providing online resources to coach and support team members, emphasizing empathy, mental well-being and resilience. Our efforts led to an exponential increase in access to virtual collaboration courses.

We also rolled out – completely virtually – the New Leaders Track for 17 people newly become people managers and we offered a 360 feedback survey to all participants from the 2020 New Leaders Track. 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. This tool is used to provide insights on how one is perceived in one's own role benchmarked against Hudson, in this case for junior leader competencies.

To support a more agile and business-driven approach, a digital and new Virtual Development Centre (VDC) model, based on Hudson competencies, replaced the old model in 2021. After being nominated by a line manager or HR Business Partner, employees are prepared via the VDC for new or broader roles, with a targeted development track based on outcomes. The pool of participants in VDCs is global and centrally managed by Talent Development, which makes it now possible to benchmark our employees' performance in a more transparent way.

In 2021, we also increasingly digitalized our coaching tools and instruments which will as of 2022 be primarily offered directly to employees through the corporate intranet and the online learning platform Percipio; already 90% of all training in 2021 shifted online. This is to underline and support digital learning driven by learner accountability and *learn anywhere anytime* approach.

Learning & Development

Relevance and boundaries

We are convinced that continuous learning and development are essential for individual and organizational growth: at Agfa learning is 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 online 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.
The basis to define learning and development tracks, eligibility, accountability both for managers and employees, are set in the Global Learning and Development Policy. This policy is complemented by local and divisional programs tailored to the needs of our teams. Employee development plans are aligned with competence management and integrated into the FeedForward framework.

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 indicators

1. Average hours learning per employee per year online (* *per employees with computer access*) on the Percipio platform
2. Completed development tracks online via Percipio as an average of platform users

Our 2021 performance and activities

Learning & development is key to support the achievement of the objectives in all areas of the organization SDGs and each new project should always be supported by adequate training.
To address the continuation of COVID restraints, we sought new ways to connect with our employees to enrich their employee experience, learning networks and connect them more closely to Agfa.

For new hires we pursued a three step strategy:
1. We invited new hires to an online ‘Welcome to Agfa’ channel, which contains global resources, e.g. relevant information on processes and good to knows → 198 new joiners accessed this channel in 2021!
2. Virtual webinars were held every six weeks for new hires around the globe to give them the opportunity to network with each other virtually → six sessions for 95 new hires were held in 2021!
3. We organized follow-up webinars to become familiar with our online platform Percipio and learning offerings at Agfa.

For all employees with computer access, we developed a global newsletter that was published every quarter. Each newsletter focused on a specific topic, skill or competency flagged as a priority from the business and included a video interview with an Agfa leader or specialist, an online self-assessment module as well as additional learning resources on this topic. The purpose is to promote a learning culture, increase the uptake of digital learning and growth mindset where own accountability is stressed and self-reflection and self-awareness becomes a reflex.

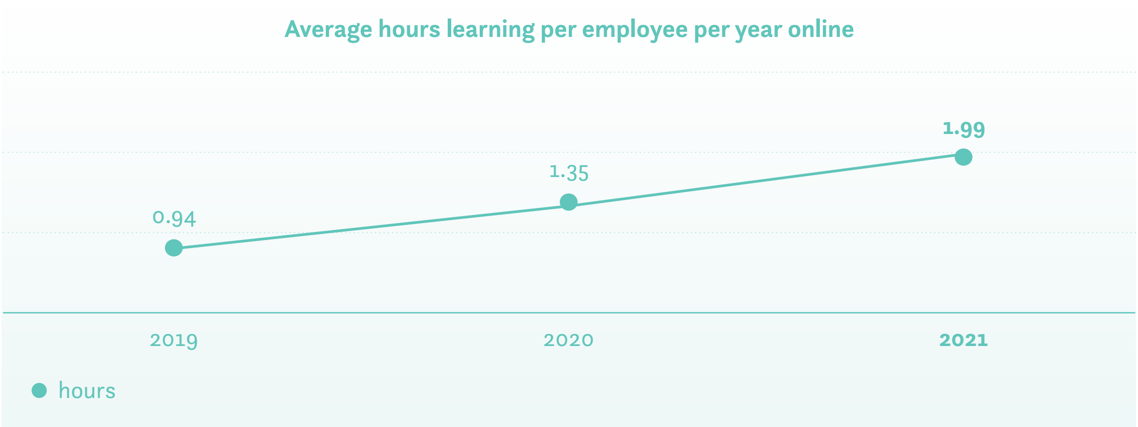
The topics addresses in 2021 were: resilience, change mindset, diversity and inclusion, focus.

To react in a flexible way to business demands, 'learning bites' (60 minute sessions) were rolled out on demand to leadership teams on topics like 'Working Across Generations', 'Motivating Hybrid Workers', 'Communicating During COVID' to approximately 100 employees.

Thanks to digital learning, driven by learner accountability and *learn anywhere anytime* approach, we saw an overall increase in the uptake of digitalized learning content. For instance, for the employees having access to the Percipio platform:

1. The number of users who accessed the platform increased by 55% from 2019 to 2021;
2. The amount of courses completed has increased from 747 in 2019 to 11,182 in 2021, with a completion rate of 33% as opposed to a rate of 28% for similar sized global companies (SkillSoft, Jan 2022);
3. The number of people seeking certification online doubled, with Service Management, Six Sigma, Project Management, Microsoft and Oracle remaining popular.

We also saw an increase in the average hours learning per employee per year online.



Note: Figure refers to employees using our Percipio platform, which does not cover colleagues part of Healthcare IT division, representing 17.3% of the total employees. A complete set of data will be developed for the future.

In addition to training of our own people, we worked with different universities and schools and continued offering internships to students in 2021.

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 developed a corporate sustainability strategy and we started setting corporate targets. The ambition of the strategy and the scope of the targets will certainly broaden in the coming years.

We started by setting specific targets on gender equality by 2025. To achieve them, we will continue focusing on reinforcing or creating specific actions around women's mentoring, adapting our hiring policies and leveraging partnerships that can empower both our women employees and their 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.
In 2022, we will also develop an action plan to better structure our approach to other aspects of relevance in the scope of D&I beyond gender.

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. To this end we benchmark Key Success Factors for Learning and Development annually to empower our people with the skills to succeed in the (digital) future world of work. We aim to increase the number of completed development tracks online and to keep addressing the learning needs of our people and of the business. In 2022, four Regional Talent programs for HQ/EMEA, NAFTA, ASPAC and LATAM will be rolled out.

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.

STEMfluencer, via essenscia Vlaanderen and Vlajo:
We are proud participants of this new project launched in 2021, where STEM professionals (< 35) teach one or several classes in the 1st and 2nd year of high school.

Dual learning, via essenscia, 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 (CoC)
According to the Group's CoC, 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 CoC 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 the CoC.

In addition to the strict application of the CoC, 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; specialized and independent contact people may be appointed for specific topics covered by the CoC in accordance with local regulation, e.g. a contact person within HR for specific HR related matters.
In 2021, we carried out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best in class, obtaining a bronze medal. In addition to the rating of our

current performance, the outcome of the EcoVadis assessment provided a list of recommendations for potential improvements that we are already addressing, including those for processes in the areas of labor and human rights and sustainable procurement. We will use the feedback received to continuously improve our processes and related performance indicators.

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

As an organization, we are part of an ecosystem, where suppliers are essential for providing our own products and services to the market. In addition to risks related to ensuring the continuity of the business (see pages 251-252), having close relationships with suppliers means that their performance impacts ours, and 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, i.e. Tier 1 and Tier 2; representing approximately 30% of our total spend.

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

Our performance in 2021 and our commitment for the future

In 2021, 100% of the contracts signed by key and core suppliers included the Agfa Supplier of CoC (100% in 2020). Key and core suppliers represented in 2021 32% of our total spend.

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. We do this by offering leading edge technology, affordable solutions and innovative ways of working, based on our in-depth understanding of the businesses and the individual needs of our 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.

Our policies

Our values are reflected in the Group's Code of Conduct (CoC). To support the translation of the CoC into clear day-to-day processes, we rely on a series of policies and corporate guidelines, both at global and local level. These are some examples of the policies – not listed in order of priority – we rely on for the topics addressed in this chapter:

- Corporate Safety, Health and Environment Policy;
- Policy on the use of chemical substances with carcinogenic, mutagenic and reprotoxic (CMR) properties;
- Global Information Security & Privacy Policy.

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.

2021 in a snapshot

In short, 2021 was the year of the acceleration, where ambition was translated into concrete actions and bold plans for the future.

While sustainability has always been a part of Agfa's DNA, traditionally the efforts to systematically include sustainability priorities in the business strategy had been mainly addressed at team and divisional level. In 2020 we focused on building an overall corporate approach to frame and coordinate projects, resources and targets setting between different geographies and departments.

In 2021, we continued to work on translating corporate objectives into concrete actions and the main focus regarding our performance was to:

- Carry out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best in class, obtaining a bronze medal;
- Develop an in-house methodology to assess at the R&D design phase the improvement of the sustainability profile of our products compared to their previous versions on the market;
- Support the global transition to a greener world by setting a new energy efficiency standard for advanced alkaline electrolysis in the production of hydrogen with our ZIRFON UTP 220 electrolysis membrane;
- Continue supporting our customers to be successful in this challenging year: by adapting to the needs of flexibility and hybrid work environments, demo and training;
- Ensure compliance with the UK-REACH Regulation for chemicals following Brexit and with the requirement of the EU REACH Regulation by updating our registration dossiers and implementing the new Annex II SDS template of REACH;
- Continue complying with the highest standards required by care providers by being among the first to receive the new European Medical Device Regulation certification for our Agfa HealthCare Class IIa solutions;
- Use collaboration and open innovation to accelerate the exploration and validation of ideas in new applications or unknown markets, but also to encourage a learning mindset inside the organization.

Agfa's impressive IP portfolio:
814
active patent families
3,014
active patent rights

BRONZE
2021
ecovadis
Sustainability Rating

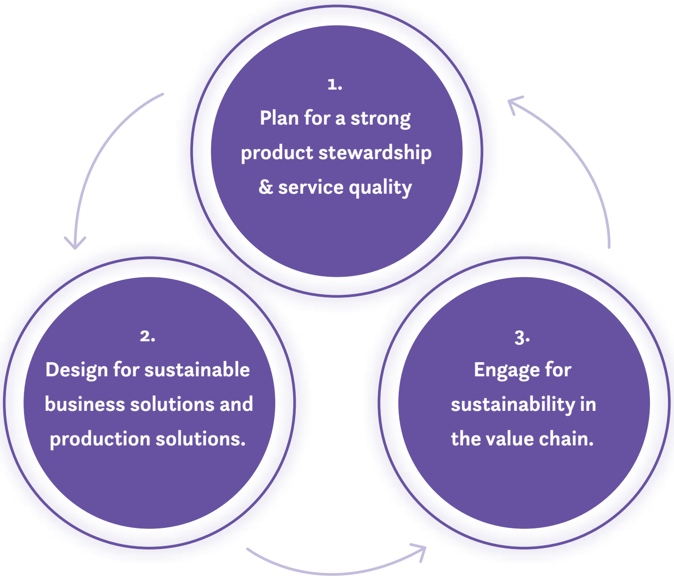
We invest
5.4%
of revenue in
R&D

Agfa's ZIRFON UTP 220
highest possible
ENERGY EFFICIENCY
in hydrogen production

Our goal? *Sustainable innovation!*

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:



In this view, the principles of Agfa's Corporate Safety, Health & 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 design, production, use and disposal.

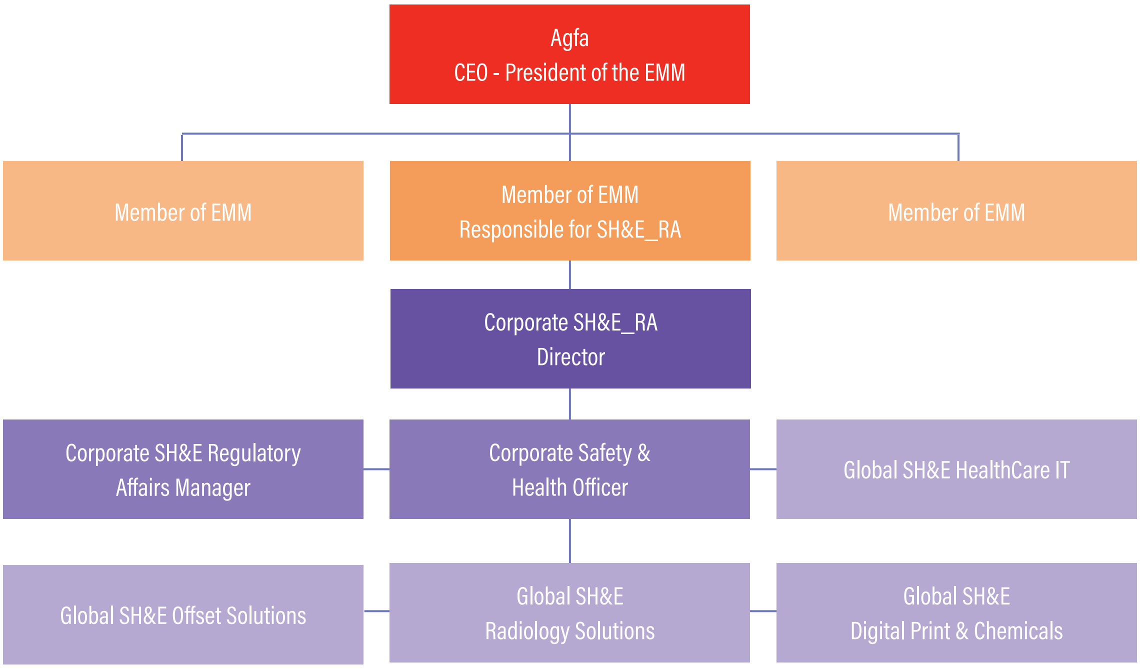
Relevance and boundaries

As stated in our Safety, Health & Environment (SH&E) policy, product stewardship is a paramount corporate commitment.

We buy, use and sell chemical products, electronics and services globally. Hence, the proactive management of our products and services 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 & 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, products and services we place on the market.
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 SH&E coordinator. To ensure the highest SH&E 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 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;
- 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 zero non-compliance regarding the different guidelines listed above.

For this reason, we have an internal system in place to report and assess any non-compliance; when one is identified, either preventively by our own audit, or reported by a customer, a notified body, or an authority, we ensure the process is adapted to prevent future occurrences.

Our 2021 performance and activities

In 2021, we continued our efforts around sound products and services' management with the aim to ensure full compliance of our portfolio to binding legislation.

In addition to the continuous processes supporting this, in the area of chemicals' management in 2021 we focused on:

- Achieving compliance with UK-REACH Regulation following the Brexit;
- Providing support to the Impact Assessment of the Chemicals Strategy on Sustainability performed by Cefic to feed the development of the EU dossier;
- Implementing the new Annex II SDS template of REACH;
- Updating REACH dossiers as Agfa is involved in Cefic REACH Declaration of intent of the Cefic Improvement Action plan.

Moreover, in 2021, Agfa HealthCare was among the first to receive by Intertek the new European Medical Device Regulation certification for its Class IIa Enterprise Imaging and XERO Viewer solutions. The new MDR CE marking confirms Agfa HealthCare's compliance with the highest standards required by care providers, addressing their needs and more stringent standards in both clinical and post-market areas. This certification is representative of Agfa HealthCare's long commitment and lifecycle approach to safety, backed by clinical data and supported by clinical evaluation, risk management and quality management systems.

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 consider sustainability as a decision factor in our go to market strategies. In 2020, we have formalized this commitment by defining the goal of 'no sustainability throwback' for new products. Simply put, we want to market new products only 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 Division with the support of the Corporate Sustainability Office. Our teams of products' specialists 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 Volatile Organic Compounds (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 2021'.

- **Thin Ink Layer technology**

Our patented 'Thin Ink Layer' technology offers extremely high-volume conductivity at low curing temperatures, minimizing the amount of ink that is required to obtain a high-quality print.

- **ECO^3: Economy, Ecology and Extra convenience**

ECO^3 program is a made-to-measure screening of customers prepress and printing processes, 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**

Our chemistry-free computer-to-plate (CtP) systems allow printers to 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 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 2021 performance and activities

In 2021, we continued our efforts to provide sustainable solutions to the market. In particular, we:

- supported the global transition to greener energy production by introducing our newest hydrogen membrane to the market: ZIRFON UTP 220. At half the thickness of our existing membrane types, it reduces resistivity and it offers the highest possible efficiency when used in hydrogen production. We were extremely proud to read a recent scientific study by the German Fraunhofer Institute concluding that Agfa's ZIRFON membranes make alkaline electrolysis (AEL) the most efficient technology for hydrogen production;
- kept pushing the transition to additive inkjet technology for the Printed Circuit Boards (PCB) industry with our DiPaMAT inks. This technology allows lower ink consumption for the same printed surface and it uses solvent-free inkjet inks.

To better steer the sustainability of our innovations as a whole across our diverse product portfolio, in 2021 we developed an in-house methodology to assess the environmental and social footprint of our products. After benchmarking existing tools, we decided for a tailor made approach that could fit our needs. This method builds on a questionnaire for our product development teams, and allows to identify at R&D design phase the products sustainability improvements compared to their previous versions on the market. We tested the draft method with two pilots and we plan to refine it in the course of 2022 to map our portfolio against it.

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 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 2021, the COVID-19 outbreak has continued to pose 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. In 2021, we introduced a new web technology as part of our technology innovations in Enterprise Imaging to allow true remote diagnostic imaging workflow. This technology allows users to view, produce, interpret images via any computer, eliminating connectivity issues. This is a further step in enabling even more efficient healthcare, supporting medical staff with more flexibility in mobile and remote working, providing the ability to work at any location where the 'right' software is installed.

We couldn't be prouder to keep supporting the workers in the front lines in these difficult times!

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 the exchange of information with 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 by the purchasing department, following the specific local and national legal requirements. For some regions, depending on the business needs, we might appoint a dedicated responsible contact.

To select our suppliers, we run a structured qualification and assessment process that looks into different areas that will be of relevance in future relations, like resource and quality management.

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.

Our 2021 performance and activities

Our efforts in 2021 revolved mainly around increasing engagement across our supply chain on sustainability topics, which is essential for the acceleration of our progress. We started by giving high visibility to the topics we are currently working on, both internally and externally, and transparently communicate current strengths, gaps and plans to address them. To do this we acted on different levels; specifically, we:

- Made sure to give internal visibility of sustainability targets, commitments and responsibilities, to make sure to have all of our teams on board, e.g. by using our meetings, internal magazines, intranet, ...;
- Improved our own skillset, e.g. providing training and ad hoc support to teams on sustainability related impacts;
- Increased transparency and clarity in our communication towards our stakeholders, by regularly including the topic in presentations for analysts and the press and creating a dedicated section on our website to share regular updates;
- Answered several customers' corporate social responsibility and sustainability questionnaires;
- Rated our current performance via the EcoVadis questionnaire, obtaining a bronze medal.

All the exchanges had served as the basis to refine our sustainability strategy and create the basis for the next steps in our journey. The activation of our teams worldwide is translating in a continuous increase of focus on these topics and a more proactive approach to address them with customers, peers and stakeholders in general.

In addition to the rating of our current performance, the outcome of the EcoVadis assessment provided a list of recommendations for potential improvements that we are already addressing, including those for processes in the areas of procurement and communication along the supply chain.

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, established processes and internal controls to define the day-to-day management. 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. We are already active in these areas and 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.

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

Since 2019, Agfa's Innovation Office (IO) structures the innovation generation process at global level and it 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 Management 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.

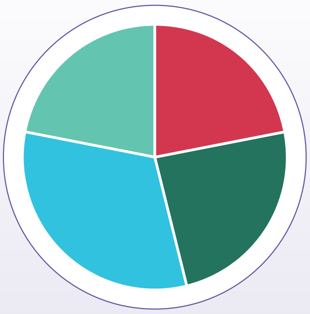
At this stage the IO and the MTC have been mainly supporting the DPC, Offset and Radiology divisions, while the HealthCare IT business relies on the innovation focus of its dedicated R&D team.

Our indicators

1. % annual turnover invested in R&D (for the full group)

Our 2021 performance and activities

In 2021, we have invested 5.4% 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.



Breakdown R&D figures per division

- Offset solutions **22.5%**
- Digital Print & Chemicals **24.7%**
- HealthCare IT **32.6%**
- Radiology Solutions **22.2%**

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, beneath are some examples of our innovations; more details on p. 96-129

- We introduced Amfortis to the printing industry, a new software package for offset packaging printers that combines a number of software tools into a single powerful workflow solution. Amfortis complements Agfa's offering of durable printing plates and computer-to-plate (CtP) systems for packaging printing;
- We launched the new Jeti Tauro H3300 UHS LED, Ultra High Speed inkjet printer for the sign & display market. This printer is built for 24/7 printing and it allows advanced automation and low ink consumption;
- We introduced Smart XR, a first artificial intelligence program improving the workflow in radiology departments by tailoring exposure parameters, reducing post-processing tasks for operators and reducing the number of image retakes needed.

As of January 15, 2022, Agfa owned 814 active patent families, together representing 3,014 active patent rights. Of these, 2,289 patents have been granted and the others were still pending. This decrease compared to previous years is part of a planned optimization effort of the quality of our patent portfolio, maintaining solely those patents with a high strategic value.

Our commitment for the future

2021 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 remain 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 behavior that we expect from our employees and that we commit to as a company is described in our Global Code of Conduct (CoC).

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

The CoC 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 and anti-trust laws;
- strict respect of the intellectual property rights of third parties and agreed confidentiality rules and non-disclosure commitments.

Violations of laws, regulations or Agfa-Gevaert Group policies – such as the CoC – 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 behavior covered by the CoC is defined by the Board of Directors and reviewed on a regular basis.

All employees are expected to respect the rules set out in the CoC. Furthermore, at regular intervals, top managers (Level 2 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; specialized and independent contact people may be appointed for specific topics covered by the CoC in accordance with local regulation, e.g. a contact person within HR for specific HR related matters.

In addition to the Global CoC there is also a specific CoC 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.

The suppliers' CoC builds on the Global CoC 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.

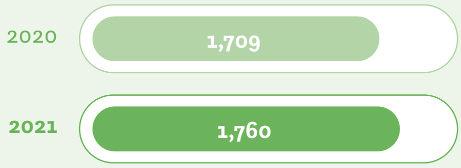
Our 2021 performance and commitment for the future

One complaint was reported in 2021 via the whistle-blowing procedure for an alleged breach of the Agfa CoC. Upon further analysis of the notification, the Internal Audit has concluded that there was no breach and the file was closed without the need for follow-up or corrective action. We are very proud of this result and we strongly encourage for compliance with the Agfa CoC for all employees and will continue to do so in the future. The 2021 Compliance Review was presented directly to the Board of Director before the end of the fiscal year.

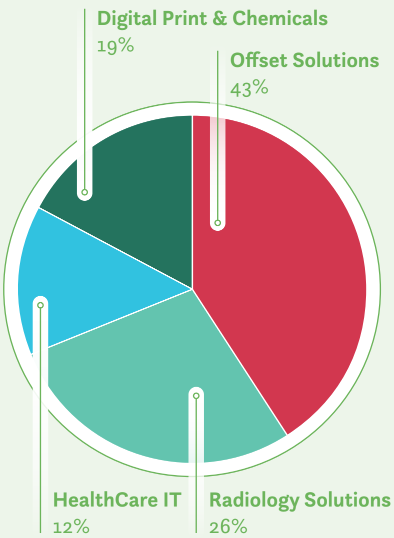
In 2021, we carried out for the first time a third party rating of our sustainability performance via EcoVadis to benchmark our practices towards the best in class, obtaining a bronze medal. In addition to the rating of our current performance, the outcome of the EcoVadis assessment provided a list of recommendations for potential improvements that we are already addressing, including those for processes in the areas of ethical business conduct. We will use the feedback received to continuously improve our processes and related performance indicators.

Comments on the Consolidated Financial Statements

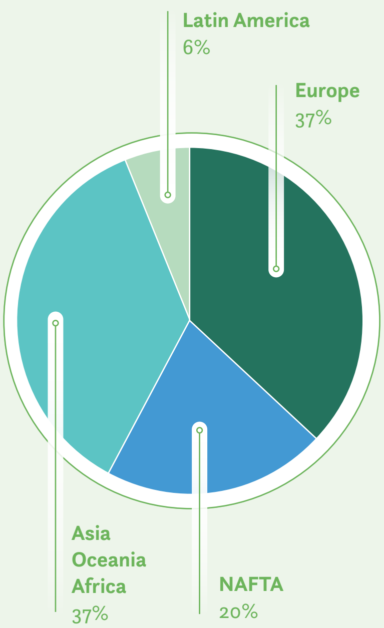
Revenue (million Euro)



Share of Group revenue 2021 by division



Share of Group revenue 2021 by region



Revenue

Excluding currency effects, the Agfa-Gevaert Group posted 3.4% top line growth. In spite of a slow start in the first months of the year – which were still strongly affected by the pandemic – both the Digital Print & Chemicals division and the Offset Solutions division significantly improved their top line due to successful price increase actions and volume increases. In the Radiology Solutions division, the Direct Radiography business' top line suffered from the uncertainty in the market. In the aftermath of the pandemic, hospitals are reconsidering their priorities and postponing large DR projects. In the field of medical film, price increases did not suffice to offset the ongoing impact of cost inflation, the pandemic, and the effects of the adapted centralized procurement practices in China in early 2021. As expected, the HealthCare IT division saw an upturn in both volumes and profitability towards the end of the year. In the course of the year, the division witnessed a temporary delay in project implementations, but the order book always remained at a healthy level.

Results

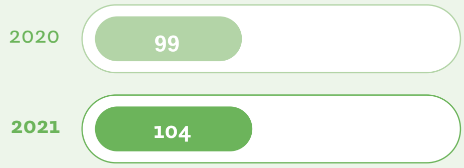
As successful price actions allowed the Group to partly mitigate cost inflation, its gross profit margin decreased only slightly to 28.3% of revenue in 2021.

Driven by strict cost management and supported by the strong performance in the fourth quarter, HealthCare IT's gross profit margin increased from 43.9% of revenue to 46.5%. Adjusted EBITDA improved strongly to 30.2 million Euro (13.8% of revenue), coming from 23.7 million Euro (10.3% of revenue) in 2020. Adjusted EBIT amounted to 21.6 million Euro (9.9% of revenue) in 2021. The HealthCare IT division is confident that its strategy to target customer segments and geographies for which its Enterprise Imaging solution is best fit and to prioritize higher value revenue streams will ultimately allow it to reach the targeted growth of EBITDA: starting from a mid-single-digit percentage in 2019 to percentages in the high-teens over the next years.

The Radiology Solutions division's strict cost management and price actions for medical film products did not suffice to offset volume decreases in medical film and CR, product/mix effects in DR and high raw material costs. The division's gross profit margin decreased from 35.3% of revenue to 33.9%. The adjusted EBITDA margin amounted to 13.1% of revenue, versus 15.6% in 2020. In absolute figures, adjusted EBITDA reached 60.7 million Euro (75.8 million Euro in 2020). Adjusted EBIT amounted to 37.7 million Euro (8.1% of revenue), versus 51.9 million Euro (10.7% of revenue) in the previous year.

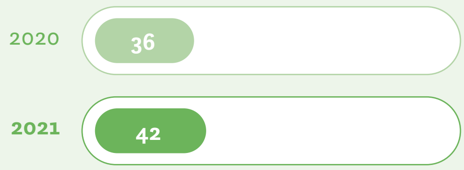
On the one hand, profitability of the sign & display part of the Digital Print & Chemicals business improved considerably versus 2020, but on the other hand high cost inflation, logistic challenges and

Adjusted EBITDA[1] (million Euro)



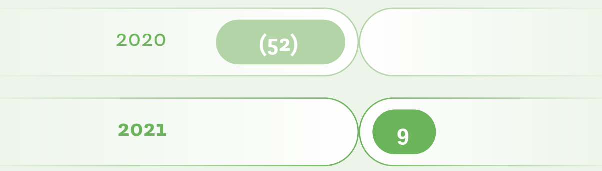
(1) Before restructuring and non-recurring items

Adjusted EBIT[1] (million Euro)

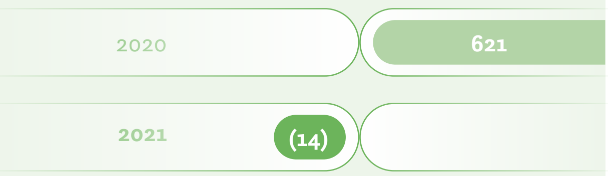


(1) Before restructuring and non-recurring items

Result from operating activities (million Euro)



Result for the period (million Euro)



temporary manufacturing inefficiencies in the fourth quarter had a strong impact on the margins of the film products. The division's gross profit margin decreased to 26.3% of revenue (28.0% in 2020). The adjusted EBITDA margin evolved from 6.5% of revenue (18.8 million Euro in absolute figures) in 2020 to 5.8% (19.2 million Euro in absolute figures). Adjusted EBIT reached 7.4 million Euro (2.3% of revenue) in 2021 versus 8.6 million Euro (3.0% of revenue) in 2020. Price increases have been implemented in almost all business areas to tackle the increasing raw material, packaging and freight costs. The full impact of these price increases is not yet visible in the 2021 numbers.

Although affected by cost inflation, the Offset Solutions division's gross profit margin improved from 20.0% of revenue in 2020 to 20.4%. This increase was mainly due to the closure of the factories in Leeds (UK) and Pont-à-Marcq (France), price increases and mix effects. Adjusted EBITDA improved to 12.4 million Euro (1.7% of revenue) versus minus 2.6 million Euro (minus 0.4% of revenue) in 2020. Adjusted EBIT amounted to minus 6.0 million Euro (minus 0.8% of revenue), compared to minus 21.9 million Euro (minus 3.1% of revenue) in 2020.
A further cost inflation impact is expected in the coming months, mitigated by pricing actions when the contractual situation allows for it.

Due to strict cost management, the Agfa-Gevaert Group was able to keep Selling and General Administration expenses stable at 20.6% of revenue, in spite of a strong increase in transportation costs. In absolute numbers, Selling and General Administration expenses amounted to 363 million Euro.

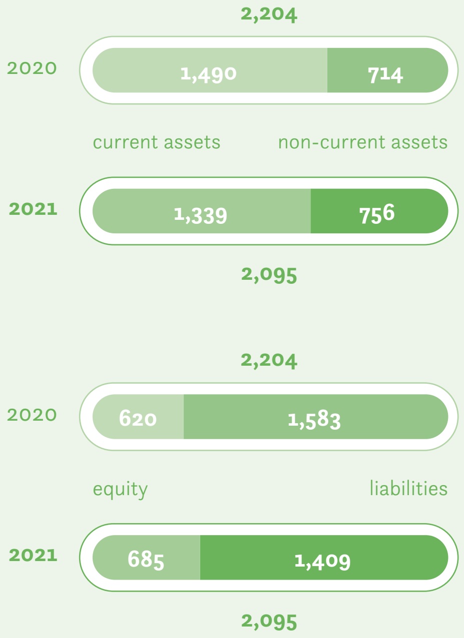
R&D expenses increased by 1.5% compared to the previous year. They amounted to 95 million Euro in 2021 or 5.4% of revenue.

Supported by the strong performance of the HealthCare IT division in the fourth quarter, the Group's adjusted EBITDA increased from 99 million Euro (5.8% of revenue) in 2020 to 104 million Euro (5.9% of revenue). Adjusted EBIT reached 42 million Euro, versus 36 million Euro in 2020.

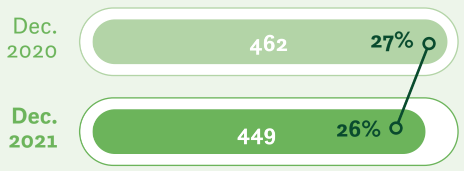
Mainly due to investments in the Group's transformation program – including the preparation of the transfer to Atos of a major part of Agfa's internal Information and Communication Services – restructuring and non-recurring items resulted in an expense of 33 million Euro. In 2020, an expense of 88 million Euro was booked, mainly related to the adaptation of the manufacturing capacity for printing plates and computed radiography equipment.

The net finance costs amounted to 8 million Euro versus 31 million Euro in 2020.

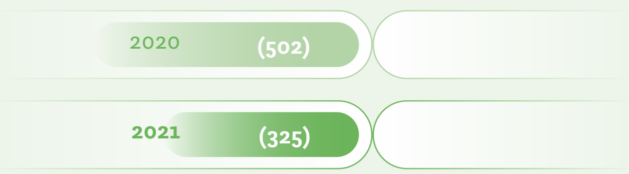
Statement of financial position (million Euro)



Trade working capital (million Euro/% of sales)



Net financial debt (cash) (million Euro)



Income tax expenses amounted to 15 million Euro, versus 15 million Euro in 2020.

As a result of the elements mentioned above, the Agfa-Gevaert Group posted a net loss of 14 million Euro.

Statement of financial position

At the end of 2021, total assets were 2,095 million Euro, compared to 2,204 million Euro at the end of 2020.

Trade working capital

In spite of supply chain issues and high raw material prices, trade working capital improved from 27% of sales to 26%. In absolute numbers, trade working capital evolved from 462 million Euro at the end of 2020 to 449 million Euro at the end of 2021.

Financial debt

Driven by the extra pension funding and the share buyback program, net financial debt (including IFRS 16) evolved from a net cash position of 502 million Euro at the end of 2020 to a net cash position of 325 million Euro.

Pension liabilities

In 2020, Agfa spend about 218 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. During the first half of 2021, the remaining 130 million Euro were invested. The finalisation of our pension de-risking program resulted in a substantially lower net liability and reduced pension cash outs.

Equity

In 2021, equity amounted to 685 million Euro, against 620 million Euro at the end of 2020.

Cash flow

In 2021, the Group generated a free cash flow of 8 million Euro, before the extra pension funding of 130 million Euro.

Conclusion

The Agfa-Gevaert Group expects that the impact of inflationary pressure, including salary cost inflation, will become more apparent in the course of the year, but price actions are being taken accordingly. In the coming quarters, a number of price increases that have been announced will come into full effect, but more price increases may be required.

Overall, the Agfa-Gevaert Group continues its tight working capital and cost management.

Furthermore, the Group expects that the uncertainty in most of its markets will continue well into 2022. However, for the full year 2022, all divisions are expected to grow their topline.

For the HealthCare IT division, 2022 will be a year of consolidation, as the focus is turning towards profitable growth. Investments in a number of key resources are to be expected.

The ongoing transformation actions are expected to bring more agility and to further simplify the operations of the Group. They will also allow the Group to further reduce its costs from 2023 onwards.

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 10, 2022, 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 2021 of 136,843,039.48 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 136,843,039.48 Euro. As a result, the result carried forward will amount to minus 496,260,024.34 Euro.

Explanation of the most significant entries of the Annual Accounts

In 2021, the Company achieved a revenue of 409.8 million Euro. This means an increase of 10.8% compared to the revenue of 2020 (369.9 million Euro). The decrease was mainly caused by an increase of the sales prices (+6.9%), an increase of the volume/mix (+5.4%) and a negative currency exchange rate difference (-1.5%).

The 2021 operating loss amounts to 101.2 million Euro. This represents a decrease of 49.3 million Euro compared to 2020.

The financial result improved with 46.6 million Euro compared to 2020, resulting in a loss from operating activities before taxes of minus 136.9 million Euro versus a loss of 134.2 million Euro in 2020.

After income taxes (2021: 0.0 million Euro, 2020: 0.3 million Euro), the loss for the book year amounts to minus 136.8 million Euro (2020: -133.9 million Euro). This is an increase of the loss with -2.9 million Euro compared to 2020.

In 2021, the Company spent an amount of 11.1 million Euro on research and development in Belgium.

In 2021, the number of Agfa-Gevaert NV employees in Belgium decreased by 47 to 1,943 employees on December 31, 2021. This decrease is the result of the recruitment of 105 new employees and 152 employees leaving the Company.

In 2021, the permanent establishment of the Company in the UK booked a loss of 65.8 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 caretakers and meet the ever evolving needs of healthcare providers. By supporting them in every step of the patient's journey, 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 2021

In the beginning of the year, medical film volumes were strongly impacted by the implementation of new centralized procurement practices in a number of Chinese provinces. In the course of the year, medical film volumes in China started to stabilize. In several countries and regions, the medical film business was still impacted by the COVID situation. Price increases for all types of medical film to tackle the higher silver prices did not fully offset these adverse elements. Despite the high raw material prices and supply chain issues, Agfa was able to keep the margins for its medical film products stable versus 2020.

The market for Direct Radiography solutions continues to be marked by a high degree of volatility. As care organizations are reconsidering their priorities and access to hospital sites is often still limited, large DR implementations are often delayed. Although Agfa is standing its ground in these uncertain circumstances, the top line of its DR business decreased versus 2020, when hospitals invested heavily in mobile DR equipment in response to the challenges of the COVID-19 pandemic. In 2021, the focus started to shift back from mobile DR devices to comprehensive DR X-ray rooms. Typically, the time between the order intake and the actual implementation and sales recognition is longer for this type of solutions. After a slow first half of the year (mainly in North America), the business recorded significant order growth in the second half. Agfa is reorganizing its North American DR organization to adapt to changing market conditions.

In a declining market, Agfa continued to manage the Computed Radiography business to keep the profit margins. In order to improve its competitiveness, Agfa is adjusting its CR equipment production capacity to the declining market trend. In 2021, the business was also hampered by component shortages and transport issues.

As a result of these elements, the top line of the Radiology Solutions division decreased by 4.1% excluding currency effects.

Strict cost management and price actions for medical film products did not suffice to offset volume decreases in medical film and CR, product/mix effects in DR and high raw material costs. The division's gross profit margin decreased from 35.3% of revenue to 33.9%. The adjusted EBITDA margin amounted to 13.1% of revenue, versus 15.6% in 2020. In absolute figures, adjusted EBITDA reached 60.7 million Euro (75.8 million Euro in 2020). Adjusted EBIT amounted to 37.7 million Euro (8.1% of revenue), versus 51.9 million Euro (10.7% of revenue) in the previous year.

MILLION EURO	**2021**	2020	% change (excl. currency effects)
Revenue	**464**	485	-4.5% (-4.1%)
Adjusted EBITDA (*)	**60.7**	75.8	-19.9%
% of revenue	13.1%	15.6%	
Adjusted EBIT (*)	**37.7**	51.9	-27.4%
% of revenue	8.1%	10.7%	
Results from operating activities	**40.7**	20.3	+100.3%

(*) 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. Agfa's SmartXR brings intelligence to digital radiography equipment at the point of care: before the image is even made. It assists the radiology lab technician by simplifying and automating a number of tasks. In this way, lab technicians can work faster, with more attention to the patient.

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 10,000 DR systems all over the world. Together, they account for over 440,000 imaging exams per day.

(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.

Bed-side imaging helps to fight COVID

Agfa's solutions help hospitals all over the world in their fight against COVID. The DR 100s system, for instance, can be used to perform high-quality bed-side X-ray examinations. That means that the patient does not need to be taken to the imaging department to be examined.

VALORY: Excellence. Pure and Simple.

In November 2021, Agfa launched its new VALORY digital radiography room at the RSNA event. VALORY delivers a simple design with functionality that goes far beyond the 'basics', bringing reliability, productivity and 'first-time-right' imaging into reach for any hospital. VALORY offers an ideal solution as a backup for large hospitals, or as the main X-ray system for smaller healthcare facilities, where equipment reliability is not an option but a must. With VALORY, Agfa proves that 'simple' is not a synonym for 'basic'.

#CountOnUs

With its #CountOnUs initiative, Agfa has already supported thousands of healthcare providers to deal with the extraordinary pressure being placed on staff and resources by the COVID-19 pandemic.

Georges Espada, Radiology Solutions Business Group Leader at Agfa: "The #CountOnUs initiative focuses on finding ways to support imaging departments to meet their most immediate needs quickly, while offering value for the long term. As long as our customers are facing the increased pressures and demands of the health crisis, we are committed to working with them in solidarity."

More information on the initiative can be found on https://medimg.agfa.com/main/category/countonus/.

Commercial successes

2021 has been a challenging year for companies that are active in the healthcare industry. Large DR installations, for instance, were often delayed as hospital access was limited due to the pandemic. However, even in these difficult circumstances, numerous hospitals and hospital groups decided to invest in Agfa's radiology solutions. At the end of the year, Agfa had a global installed base of over 75,000 DRYSTAR hardcopy printers and over 89,000 digital radiography solutions, all with its leading MUSICA Nerve Center and image processing software.

ROYAL BOLTON HOSPITAL (UK)

In 2021, the 620-bed Royal Bolton Hospital ordered three fully automated DR 600 direct radiography rooms from Agfa. The top-performance, ceiling-suspended DR 600 provides the radiology department with a fully automated and integrated solution offering high-quality images and maximum versatility. It streamlines workflow and increases throughput, enhancing the experience of patients and operators alike.

DR. AMANDA MARTIN, LEAD RADIOGRAPHER, ROYAL BOLTON HOSPITAL: *"The Royal Bolton X-ray team takes great pride in their imaging techniques and clinical image quality. We were attracted to the DR 600 by the focus on dose reduction and the positive impact that the software design has on patient flow."*

NATCHITOCHES REGIONAL MEDICAL CENTER (USA)

The Natchitoches Regional Medical Center (NRMC), which operates 17 health-related clinics and facilities in Louisiana, recently implemented the DR 800 multi-purpose digital imaging room at its 96-bed flagship hospital. With the Dynamic MUSICA® image quality, dose reduction potential and innovative remote positioning technology, the DR 800 will contribute to this growing network's mission to offer a broad continuum of innovative care.

DEREK ANTHONY, RADIOLOGY MANAGER FOR NRMC: *"Agfa's main focus is on general radiography, and it shows: I have worked with every system in the market, and am delighted with the overall hardware quality, exceptional image detail, dose reduction, functionality and user-friendliness."*

RADIOLOGIE MÜNSTER MVZ (GERMANY)

Radiologie Münster, a leading Medical Imaging center, recently implemented its first Agfa imaging solution: the multi-purpose DR 800 direct radiography room. The busy imaging center has a full portfolio of imaging equipment for diagnosis and treatment. The dynamic and fully integrated DR 800, powered by Agfa's MUSICA® software, was selected as the center's digital X-ray solution for its versatility and excellent image quality.

ASTRID WÖSTMANN, RADIOLOGIST AT RADIOLOGIE MÜNSTER:
"The DR 800 was the best choice in terms of both image quality and workflow. The innovative, multi-purpose design enables us to maximize the productivity of a small room in our busy center."

HOSPITAL SANT JOAN DE DÉU (SPAIN)

Hospital Sant Joan de Déu in Barcelona, a teaching hospital specializing in pediatrics, gynecology and obstetrics, added two mobile DR 100s direct radiography (DR) systems to its diagnostic imaging equipment portfolio. A long-time Agfa customer, Hospital Sant Joan de Déu also has three DX-M computed radiography (CR) systems, suitable for mammography, and a high-performance DR 800 multi-purpose imaging solution.

DR. TERESA MARISTANY, CHIEF RADIOLOGIST OF HOSPITAL SANT JOAN DE DÉU: *"Our key reasons for choosing Agfa included the excellent quality of chest images and the ability to use a low radiation dose, which is so important for a hospital like ours with a pediatric focus."*

HealthCare IT

At the forefront of Medical Imaging IT Software

Agfa HealthCare transforms the delivery of care through 'anywhere, anytime' access to all patient imaging data. Built on a long history in healthcare and with a proven track record as innovators, in-depth medical knowledge and strategic guidance, Agfa HealthCare is the partner of choice for leading healthcare organizations around the globe. With its flagship Enterprise Imaging Platform, Agfa HealthCare provides secure, effective, modular and scalable imaging data management. The company strategically guides healthcare providers to transition from volume-based imaging to value-based imaging, accompanies growth, reduces complexity and redundancy, and improves care delivery and physician experiences. Implementation of the Agfa HealthCare Enterprise Imaging Platform allows the creation of an Imaging Health Record, or IHR, to align with and complete a health system's electronic health record strategy.

HealthCare IT in 2021

Having been resilient for over a year, the HealthCare IT division experienced a number of late effects of the COVID pandemic in the course of 2021, including a temporary delay in project implementations in the third quarter. Following a number of softer months, the division saw an upturn of demand and profitability towards the end of the year. HealthCare IT's order book remains at a very healthy level.

The division is confident that its strategy to target customer segments and geographies for which its Enterprise Imaging solution is best fit and to prioritize higher value revenue streams will ultimately allow it to reach the targeted growth of EBITDA: starting from a mid-single-digit percentage in 2019 to percentages in the high-teens over the next years. Driven by strict cost management and supported by the strong performance in the fourth quarter, HealthCare IT's gross profit margin increased from 43.9% of revenue to 46.5%. Adjusted EBITDA improved strongly to 30.2 million Euro (13.8% of revenue), coming from 23.7 million Euro (10.3% of revenue) in 2020. Adjusted EBIT amounted to 21.6 million Euro (9.9% of revenue) in 2021.

In August, Agfa HealthCare became one of the first companies to receive the new European Medical Device Regulation (MDR) certification, which was issued by Intertek. This certification, which covers Agfa HealthCare's Class IIa Enterprise Imaging and XERO Viewer solutions, ensures that the company can continue to deliver innovative solutions that meet its customers' real challenges and address their needs and requirements.

MILLION EURO	2021	2020	% change (excl. currency effects)
Revenue	**219**	230	-4.9% (-3.9%)
Adjusted EBITDA (*)	**30.2**	23.7	27.4%
% of revenue	13.8%	10.3%	
Adjusted EBIT (*)	**21.6**	14.3	50.3%
% of revenue	9.9%	6.2%	
Revenue from operating activities	**18.2**	13.2	+37.6%

(*) Before restructuring and non-recurring items

Medical Imaging IT Software

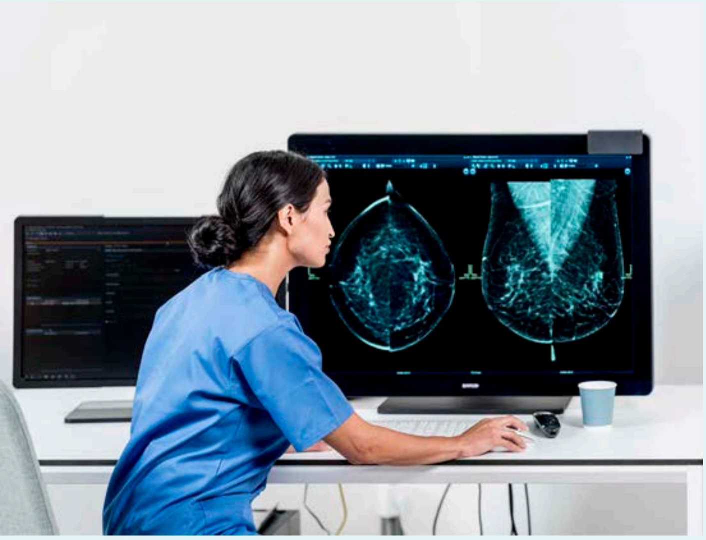
Agfa HealthCare's Medical Imaging IT Solutions equal reliability and efficiency for care providers around the world. With innovation deeply rooted in its DNA and building on more than 100 years of experience, Agfa HealthCare became one of the first companies in the early 1990's to supply radiology departments 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 convergence of fragmented, redundant and siloed Imaging IT solutions into a more unified enterprise-wide approach with scalability and systemness.

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 Health Record (IHR) for every patient, completing our customer's EHR strategy. 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 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 speeds up overall diagnoses, enhances patient care, fastens clinical collaboration across multi-specialties and multiple systems, improves physician and patient experience and satisfaction, and drives the health systems' 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 care providers to achieve success in their clinical, operational and business strategies.

Medical Device Regulation certification



In August 2021, Agfa HealthCare became one of the first companies to receive the new European Medical Device Regulation (MDR) certification, issued by Intertek. Agfa HealthCare's early certification, which covers its Class IIa Enterprise Imaging and XERO Viewer solutions, allows the company to continue to expand the Enterprise Imaging platform, its modules and components, and release innovations without any interruption. This includes making significant changes to the solutions and adding new functionalities to meet the evolving needs of our customers and the market, as well as allowing them to benefit from state-of-the-art IT technologies.

Agfa HealthCare's scalability attracts high-volume customers

In the 2021 KLAS Enterprise Imaging Report, KLAS confirms that Agfa HealthCare's Enterprise Imaging solutions are mostly found in large health systems, including some academic settings and community hospitals. Most deployments are facilities with >500 beds; one-third in facilities with >1,000 beds. KLAS research finds Agfa HealthCare well established as a strong option for enterprise imaging in recent years. Customers describe both the VNA and viewer as easy to use, reliable, and well integrated.

"Selected commentary collected about Agfa HealthCare, KLAS® Enterprise Imaging 2021, © 2021 KLAS. Visit klasresearch.com for a complete view."

KLAS RESEARCH

Pioneer on cybersecurity transparency

A recent survey on cybersecurity conducted by KLAS and Censinet positions Agfa HealthCare solutions not only as a pioneer on cybersecurity transparency but also as 'cybersecurity mature' on all topics, including network security, data protection and system resiliency.

"Selected commentary collected about Agfa HealthCare, from KLAS/Censinet Report on Cybersecurity. May 2021 - © 2021 KLAS.

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 organizations.

Commercial successes

Momentum in market adoption of the platform approach to enterprise imaging is evident in the company's growing business agreements, as leading health systems select Agfa HealthCare Enterprise Imaging Platform that creates an Imaging Health Record.

PRINCESS ALEXANDRA HOSPITAL NHS TRUST (UK)

The Princess Alexandra Hospital NHS Trust (PAHT) in the UK has been leading the path towards digital transformation in its Radiology Department when the hospital embarked upon a consolidated Enterprise Imaging Platform strategy. When Agfa HealthCare launched the RUBEE for AI framework – which embeds results from AI algorithms seamlessly in clinical workflows –, and with the COVID-19 pandemic adding pressure, the decision was made to implement CT AI Specialty Package, that included RUBEE and ClearRead CT Algorithm from Riverain Technologies. Since going live with the solution, radiologists at PAHT are appreciating the value of embedded AI and are reporting a 30% shorter reporting time.

DR SRI REDLA – CONSULTANT RADIOLOGIST AT PAHT

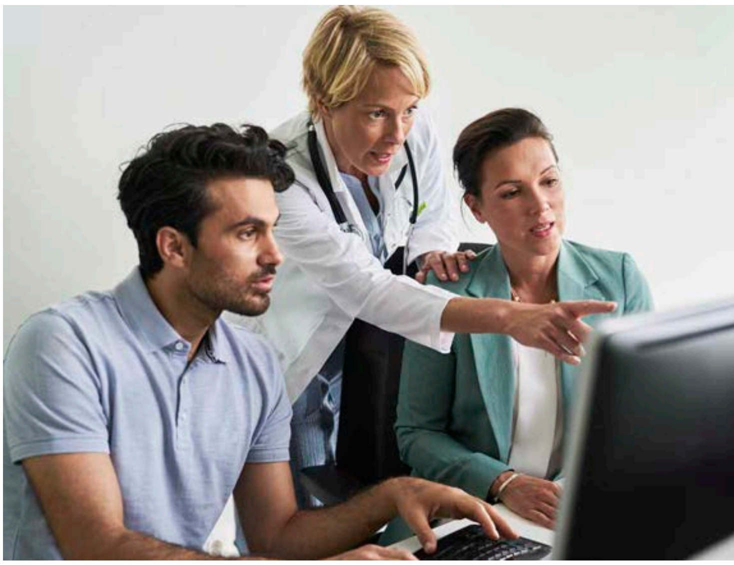
"This technology is proving to be of immense benefit to users and patients by improving accuracy, reducing reporting times and increasing productivity."

TOURO/LCMC HEALTH (USA)

A long-time user of Agfa HealthCare technology, Touro Clinic brought forward its experience with the company when it joined LCMC Health. From IMPAX Radiology solutions to the more recently deployed Enterprise Imaging, LCMC is focused on realizing its vision of growing health services throughout the greater New Orleans/Gulf Coast region. Its leadership is working with Agfa HealthCare to design an infrastructure to both converge services and improve cross-facility workflows and imaging information exchange.

TANYA TOWNSEND,
SVP & CHIEF INFORMATION OFFICER, LCMC HEALTH

"LCMC Health has dedicated a great deal of time evaluating strategies to meet the health needs of patients throughout the greater New Orleans/Gulf Coast area. We are committed to reduce complexity by aggregating patient imaging and making it accessible through our EHR.
Agfa HealthCare's vision of the Imaging Health Record has helped us begin our enterprise imaging journey and their guidance is important to our ongoing success."



UNIVERSITY HEALTH SYSTEM (USA)

As the only locally owned and operated health system in San Antonio and Bexar County, TX, USA, University Health takes to heart its responsibility to serve the health needs of its community today and into the future. Serving patients at more than two dozen locations, it is the premiere Level I trauma center for South Texas and serves as the primary teaching facility for University of Texas Health San Antonio. Agfa HealthCare is proud to partner with University Health to leverage their technology investments to align with their core values, including high quality, compassionate care and a wise use of resources.

WILLIAM A. PHILLIPS, JR., CPHIMS, CISM, EXEC. VICE PRESIDENT/CIO, UNIVERSITY HEALTH SYSTEM

"Prior to implementing Enterprise Imaging, our IT staff was frustrated with the complexity of multiple systems to support and maintain. In addition, our physicians were wasting valuable time navigating those multiple, disparate systems to gain access to a patient image. Working with Agfa HealthCare on our Enterprise Imaging initiative, University Health has already achieved significant cost savings and has streamlined our clinicians' time to deliver care."

LEEDS TEACHING HOSPITALS NHS TRUST (UK)

Leeds Teaching Hospitals NHS Trust (LTHT) has successfully implemented Agfa HealthCare's Enterprise Imaging solution, which will help the organization maximize its productivity and collaborate with neighbouring Trusts. LTHT is one of the largest Trusts in the UK, providing care to over 1.5 million patients every year, many of whom have complex and urgent needs. Upgrading a major system like Enterprise Imaging had to be very carefully planned to minimize any downtime.

PAUL JONES,
CHIEF DIGITAL INFORMATION OFFICER AT LTHT

"Enterprise Imaging has provided a much more stable infrastructure. We immediately noticed the productivity and efficiency savings made by having fully-integrated image viewing and reporting on a single platform with a modern interface."

Digital Print & Chemicals

Agfa's Digital Print & Chemicals division is a leading supplier of digital printing solutions for sign & display and industrial markets as well as of 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, it supplies customers in a variety of industrial markets with a broad range of innovative membranes, films and coated products.

Digital Print & Chemicals in 2021

The Digital Print & Chemicals division recovered from the COVID-19 impact, which is reflected in the strong top line growth versus 2020. Furthermore, price increases have been implemented in almost all business areas to tackle the increasing raw material, packaging and freight costs. The full impact of these price increases is not yet visible in the 2021 numbers.

On the one hand, profitability of the sign & display part of the business improved considerably versus 2020, but on the other hand high cost inflation, logistic challenges and temporary manufacturing inefficiencies in the fourth quarter had a strong impact on the margins of the film products. The division's gross profit margin decreased to 26.3% of revenue (28.0% in 2020). The adjusted EBITDA margin evolved from 6.5% of revenue (18.8 million Euro in absolute figures) in 2020 to 5.8% (19.2 million Euro in absolute figures). Adjusted EBIT reached 7.4 million Euro (2.3% of revenue) in 2021 versus 8.6 million Euro (3.0% of revenue) in 2020.

The sign & display business booked strong top and bottom line growth. The ink product ranges for sign & display applications performed well, even exceeding pre-COVID levels. In spite of industry-wide logistics challenges, the wide-format printing equipment business partially recovered from the strong COVID-19 impact. This business benefited from the success of the recently introduced Jeti Tauro H3300 UHS LED system – the fastest Jeti Tauro printing system to date.
In the second half of the year, the gradual come-back of trade events clearly improved market dynamics.

The sales of inks for industrial applications grew strongly, partly due to the solutions for new digital printing applications. As a key sustainability investment, Agfa took into service its new manufacturing plant for water-based inkjet inks in 2021. The new facility enables Agfa to be a key supplier of such inks for a wide range of novel applications. For instance, the facility produces inks for Agfa's new InterioJet inkjet system for printing on décor paper used for interior decoration, such as laminate floors and furniture.

Agfa's range of products for the production of printed circuit boards was hit by cost inflation. High silver costs were only partially offset by price increase actions.

The specialty chemicals range of the division is well-positioned for future growth with products and solutions that target specific promising markets. Agfa's ORGACON conductive materials, for instance, are used in hybrid and electric car technology. This business recorded solid revenue growth in 2021 and volumes are back to pre-COVID levels.
The company's range of ZIRFON membranes for advanced alkaline electrolysis is setting a new efficiency standard in the production of green hydrogen; and is being recognized by customers and experts as the industry reference. Agfa's specialty film and foil products are mostly used in industries that have been hit by the COVID-19 pandemic, including aviation, the oil and gas industry and the printing industry. In some of these areas, the pandemic continues to have a strong impact on film volumes. In spite of temporary supply chain issues, sales figures for the Synaps range of synthetic papers picked up strongly, based on the recovery of the relevant printing markets and on the success of certain new applications.

MILLION EURO	**2021**	2020	% change (excl. currency effects)
Revenue	**330**	289	13.9% (14.4%)
Adjusted EBITDA (*)	**19.2**	18.8	1.7%
% of revenue	5.8%	6.5%	
Adjusted EBIT (*)	**7.4**	8.6	-14.1%
% of revenue	2.3%	3.0%	
Results from operating activities	**4.7**	5.7	-17.5%

(*) Before restructuring and non-recurring items

Digital printing solutions: state-of-the-art equipment, ink, software and service

Agfa supplies state-of-the-art wide-format inkjet systems, consisting of printers, service, software and inks, as well as UV-curable and water-based inks.

Sign & display print houses, as well as industrial customers in need of digital printing, 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, leather goods, laminated flooring and decorative materials.

For many applications, inkjet has become the most important alternative for screen printing, gravure printing and flexo printing technologies, offering unseen possibilities of personalization, shorter runs, just in time printing reducing waste and working capital, etc.

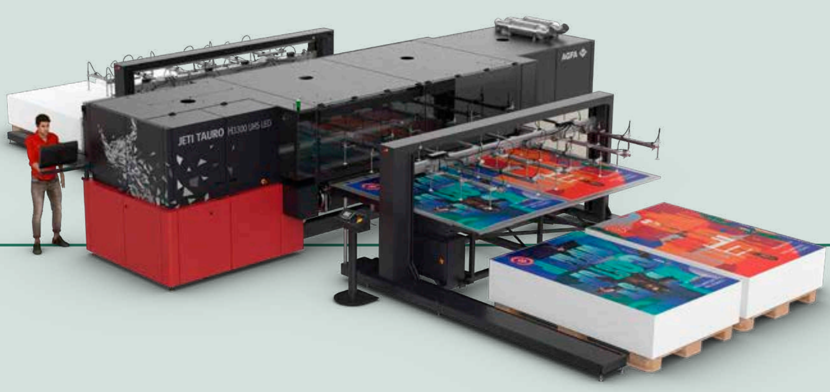
Besides hardware and software, Agfa also supplies a range of UV LED inks with which its sign & display customers can produce high-quality prints on a wide variety of rigid and flexible substrates. In addition to its inks for sign & display customers, Agfa also markets a unique range of high-performance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

600 m²/h

Early 2021, Agfa introduced its fastest Jeti Tauro inkjet press to date. Nicknamed 'the Beast', the Jeti Tauro H3300 UHS LED inkjet engine prints media up to 3.3 m wide in four or six colors at a speed up to 600 m²/h.

3,000

By the end of 2021, over 3,000 Anapurna and Jeti printers were installed at printing sites all over the world.



Award-winning equipment

In 2021, Agfa's Jeti Tauro H3300 LED conquered a coveted Pinnacle Product Award from Printing United Alliance, one of the largest printing and graphic arts associations in the world.

The Jeti Tauro H3300 won in the UV/Latex Hybrid category (more than 500,000 US dollar). Suited for a variety of rigid and flexible substrates, the printer provides exceptional quality performance at production speeds.

Agfa increases inkjet ink production capacity

In order to cope with growing volume demands, Agfa significantly expanded its inkjet ink production capacity. A new manufacturing plant in Mortsel, Belgium, focusing on water-based inkjet inks, became operational in 2021.

The new plant enables Agfa to be a key supplier of aqueous inkjet inks for a wide range of novel applications. Its target markets are the growing segment of printing on décor paper for the production of laminate floorings and furniture panels, as well as several promising packaging applications.

Commercial successes

In the second half of 2021, the wide-format equipment business started to recover from the effects of the COVID-19 pandemic. Even in tough market conditions, 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.

NORTHERN FLAGS (UK)

One of the UK's largest fabric printers, Northern Flags, is flying the flag with Agfa, having invested in three Avinci fabric-printing engines, an Anapurna roll-to-roll sign & display printer and an Asanti workflow solution for their Leeds facility.

In the autumn of 2021, Northern Flags became the first printing company in the UK to acquire Agfa's latest dye-sublimation soft signage printer, the Avinci CX3200. It's a highly productive, large-format unit, printing up to 3.2 m wide with low ink consumption – both on transfer paper and directly on textile.

IAIN CLASPER-COTTE, UK MANAGING DIRECTOR NORTHERN FLAGS:
"I decided to go for Agfa again because we were looking for the perfect balance between great machines and after-sales service, and Agfa have really delivered for us on that. We have a real partnership. Whenever we've wanted to develop things, Agfa have always listened and been really responsive."

GSP (USA)

GSP, a leading provider of high-impact visual solutions for the retail market, expanded their production capabilities with the addition of the first Jeti Tauro H3300 UHS LED system in the USA.

GSP's customers will benefit from the Jeti Tauro H3300 UHS' cutting-edge technology. The system is 30% faster than its predecessors and combines industry-leading print quality with versatility and productivity.

ELAINE SCRIMA, GSP VICE PRESIDENT OF OPERATIONS:
"Choosing to add this technology to our portfolio illustrates the partnership between our two companies. Our ability to grow and enhance our customer-facing offerings is predicated by our vendors growing with us. The Agfa Jeti Tauro H3300 UHS is an important part of our growth strategy."

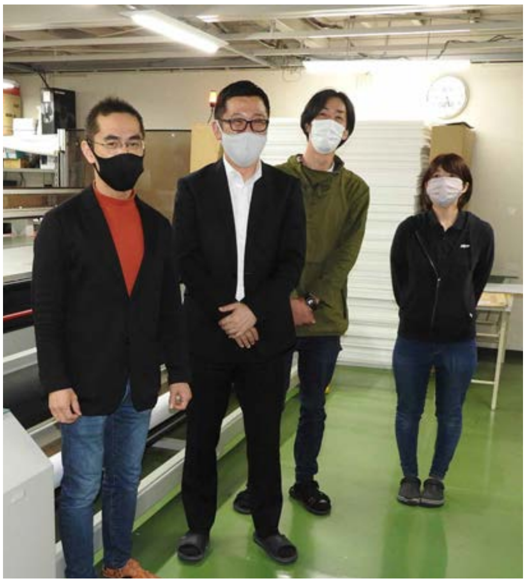
CHIYODA (BELGIUM)

In October 2021, décor paper printing company Chiyoda installed an InterioJet 3300 water-based printing press from Agfa at its European headquarters in Genk, Belgium. Their new press will enable Chiyoda to supply printed décor paper with exclusive designs to flooring, furniture and car laminate panel makers. The InterioJet lets them run a reliable 24/7 digital printing production with consistent color quality. The system enables the printing of complex designs and non-repetitive patterns, thus surpassing the limitations of gravure printing.

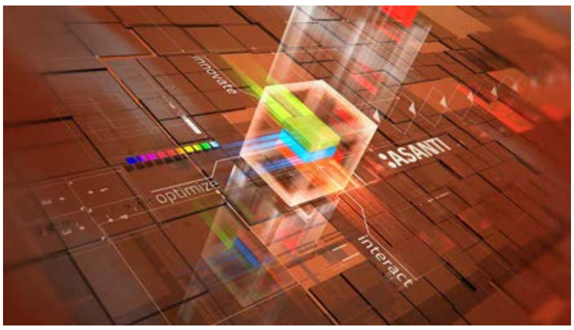
PETER COENEGRACHTS, COO OF CHIYODA:
"Agfa's unique knowledge of chemistry, inks and software warrants the highest print quality and color consistency, ensuring that our customers can use the InterioJet prints in exactly the same way as gravure prints without any modification to their laminate production process."

HATAYA CO., LTD. (JAPAN)

Hataya was founded in 1982 as a silk screen printer. Since then, the company has steadily digitized its operations. It now specializes in the planning and manufacturing of signs and displays. By investing in Agfa's Asanti workflow software, Hataya has become a forerunner in its field. Asanti has improved productivity while significantly reducing output errors.



MR. YOSHIKAWA, PRESIDENT OF HATAYA:
"Thanks to Asanti, I feel that we can proceed faster to the finishing stage, including the cutting process, and that the productivity of the overall production process has improved. The number of mistakes has decreased dramatically thanks to Asanti."

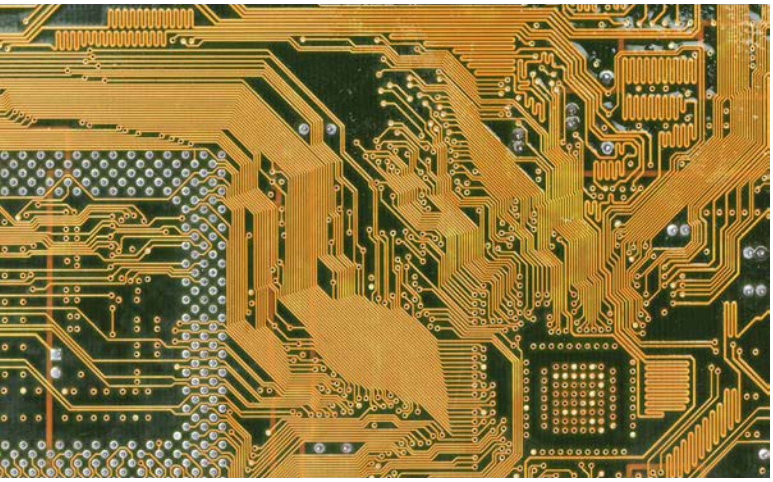


Chemicals: innovative solutions for industrial applications

Agfa develops and manufactures specialty chemicals for promising growth markets, such as membranes for green hydrogen production and conductive polymers for electric cars. Next to specialty foils & films for applications such as security documents, print media and printed circuit boards, the division also offers coatings, synthetic paper and classic film types for several industrial uses, such as non-destructive testing, aerial photography and micro-film storage. 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 as well as transparent electrodes. Based on these products, Agfa has further developed its conductive ORGACON product line of printing inks, pastes and formulations used in electronic devices and in – among other applications – capacitive sensors, touch screens and membrane switches.

A promising growth market for ORGACON is the hybrid vehicle industry. This business recorded solid revenue growth in 2021 and volumes are back to pre-COVID levels. Agfa's portfolio includes highly innovative silver inks for the production of rigid and flexible printed electronic circuitry. Typical applications are printed RFID antennas, touch sensors and metallization grids for photovoltaics.



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

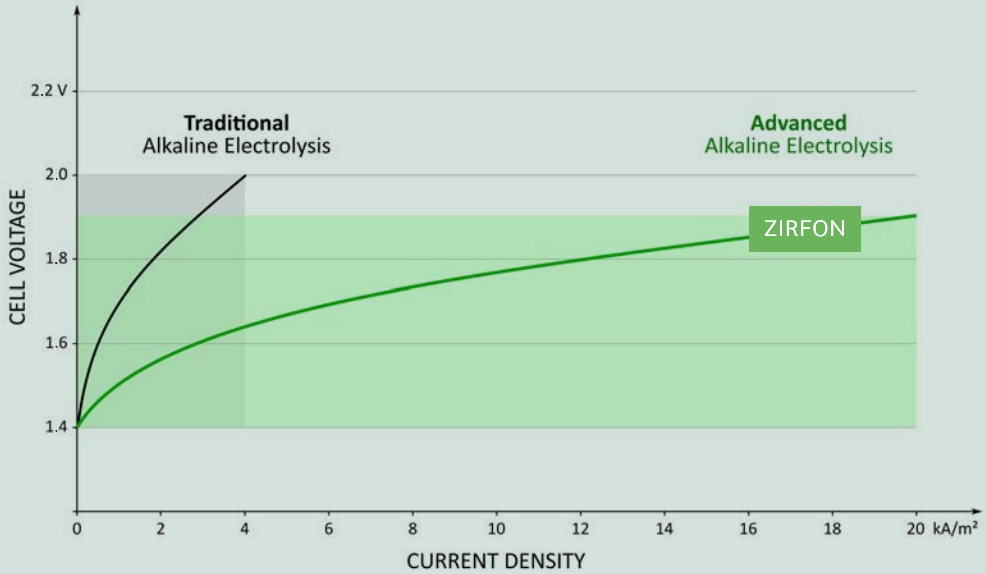
No. 1

With its Idealine range, Agfa is the number 1 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.

A new standard

In 2021, Agfa added the new high performance ZIRFON UTP 220 membrane to its membrane portfolio. ZIRFON UTP 220 has excellent durability and its low resistivity allows for the highest yield of hydrogen production.

With the new membrane, Agfa is setting yet another productivity standard for advanced alkaline electrolysis.



ZIRFON membranes have advanced the traditional alkaline electrolysis technology allowing it to operate at 400% higher current densities.

Materials for green hydrogen production: With its ZIRFON membranes, Agfa is in a good position to benefit from the rise of the green hydrogen economy. Agfa's membranes are an essential part of electrolysis technologies for green 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 felt or asbestos. A recent study by the Fraunhofer Institute using Agfa's ZIRFON separator membranes confirms that the alkaline electrolysis technology is the most cost efficient hydrogen production system to date. In March 2022, Agfa announced that it will supply a significant volume of its ZIRFON separator membranes to Thyssenkrupp Nucera within the framework of a number of large-scale hydrogen projects. This confirms Agfa's position as technology leader in this field.

Agfa is a member of 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.

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 water repellence and resistance to 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. In spite of temporary supply chain issues, sales figures for the Synaps range of synthetic papers picked up strongly in 2021, based on the recovery of the relevant printing markets and on the success of certain new applications.

SYNAPS XM: enemy of bacteria and viruses

Around the world, the COVID pandemic has profoundly changed the way we view hygiene and health. We have adopted new habits to protect the community and ourselves against infections. In this context, Agfa has started to think about products that help combat the spread of harmful organisms. One result is the new version of the SYNAPS XM synthetic paper, which was introduced in 2021. This product now contains an agent that inhibits the establishment and growth of bacteria and viruses on its surface. SYNAPS XM can be used to produce menus, loyalty cards, flight safety cards and signage, among other things.

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 a leading supplier of integrated prepress solutions for commercial, newspaper and packaging printing, based on an ideal combination of printing plate technology equipment and advanced software. Its mission is to enable graphic businesses to control their costs, improve profitability and stay ahead of their competition. The division delivers integrated solutions, which excel by being innovative, reliable as well as sustainable. 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 2021

Reflecting a partial recovery from the impact of the COVID pandemic, the Offset Solutions division's top line improved by 6.5% compared to 2020 (excluding currency effects). The revenue increase was also fueled by price increases that have been implemented to tackle among others the raw material, packaging, energy and freight cost inflation.

Although affected by cost inflation, the Offset Solutions division's gross profit margin improved from 20.0% of revenue in 2020 to 20.4%. This increase was mainly due to price increases and mix effects. Adjusted EBITDA improved to 12.4 million Euro (1.7% of revenue) versus minus 2.6 million Euro (minus 0.4% of revenue) in 2020. Adjusted EBIT amounted to minus 6.0 million Euro (minus 0.8% of revenue), compared to minus 21.9 million Euro (minus 3.1% of revenue) in 2020.
A further cost inflation impact is expected in the coming months, compensated for by pricing actions whenever the contractual situation allows for it.

To improve profitability and to address the decline in market demand, Agfa is reviewing its offset business model, simplifying its organization and streamlining its product offering.
In March 2021, Agfa unveiled a global program of price increases for its offset printing plates to address the increasing raw material, packaging and freight costs. A series of quarterly price increases has been successfully implemented throughout the year. The most recent wave of price increases came into effect as of February 2022. The division is also looking into ways to adapt the revenue model for certain services it provides to its customers.
In 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. The implementation of this project is proceeding according to plan.

MILLION EURO	**2021**	2020	% change (excl. currency effects)
Revenue	**748**	704	6.3% (6.5%)
Adjusted EBITDA (*)	**12.4**	(2.6)	+577.3%
% of revenue	1.7%	-0.4%	
Adjusted EBIT (*)	**(6.0)**	(21.9)	
% of revenue	-0.8%	-3.1%	
Results from operating activities	**(16.4)**	(60.8)	+73.0%

(*) 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, even on the press itself.

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.

30% - 50% - 90%

With Agfa's ECO³ program, printers can save up to 30% on ink, 50% on waste, and up to 90% on water.
When developing and creating solutions – which include hardware, software and consumables – Agfa focuses on ecology, economy and extra convenience (ECO³). By doing so, it makes the prepress and printing processes cleaner and more cost efficient.

1/2

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

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.

Amfortis

In 2021, Agfa introduced Amfortis, an all in one workflow solution for the offset packaging printing industry. Amfortis facilitates the lives of packaging converters by combining multiple unique software tools into one powerful production workflow solution. It complements Agfa's offering for offset packaging, which already included durable printing plates and high-performing Computer-to-Plate systems.

70%

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

Commercial successes

In a structurally declining offset printing industry, Agfa continues to support its customers with state-of-the-art solutions and services.

Both in the commercial and the newspaper segment of the printing market, Agfa in 2021 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. Over 90% of Agfa's newspaper customers worldwide are now using 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 the past two years, 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. In 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. The project will be completed in April 2022.

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.

CASSOCHROME (BELGIUM)

Commercial printing company Cassochrome has been relying on Agfa's solutions for more than forty years. Recently, they made the switch to Agfa's process-free printing plate Eclipse. Cassochrome specializes in art books. Eclipse helps them to achieve the impeccable quality that their customers desire, and on top of that, it fits perfectly in their sustainability strategy.

BERNARD SOENS, GENERAL MANAGER OF CASSOCHROME:

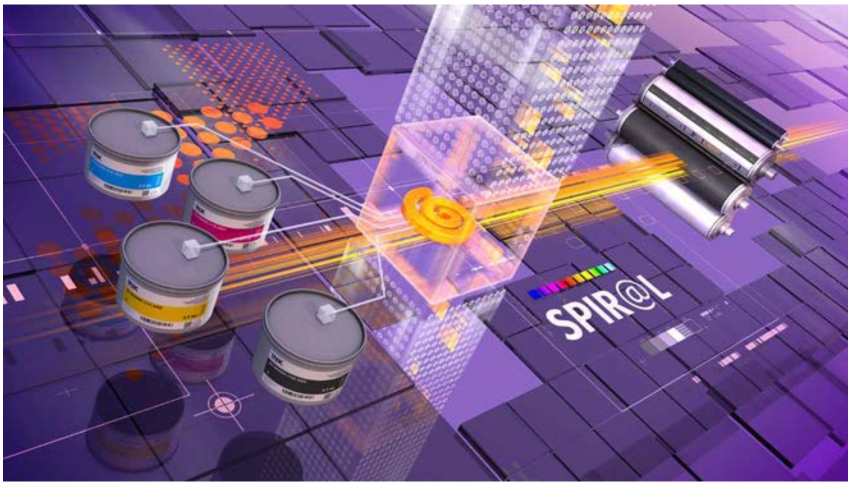
"For high-quality printing, it is extremely important that all elements are perfectly matched to each other. Eclipse is one of the best go-getters I've ever seen. The scratch resistance is extremely good. Stability is also exemplary. And we can use the plate in normal light!"

SUN-SENTINEL (USA)

The Sun-Sentinel, a Tribune Publishing paper, is a long-time user of Agfa's OptiInk. When Agfa rolled out its innovative SPIR@L screening technology that lowers ink consumption while improving image quality, Tribune Publishing agreed to a trial at its largest site. The Sentinel's pressroom operations manager, Kurt Moody, didn't think they could recover additional ink savings until they tested Agfa's new SPIR@L screening technology.

KURT MOODY, OPERATIONS MANAGER, SUN-SENTINEL:

"We tried many different technologies. SPIR@L screening is just a totally different concept. We are saving between five to eight percent more in ink with SPIR@L," states Moody. "It's a great technology. I didn't think we could lean on our calibration anymore because we are as lean as can be, but SPIR@L delivered."



METAPRINT (THE NETHERLANDS)

For its site in Heerenveen, Metaprint has invested in a completely new prepress configuration from Agfa. The company specializes in printing on metal, such as aerosol cans. The core of the investment is a thermal VLF (Very Large Format) platesetter from Agfa's Avalon N range. Furthermore, an Arkana 125 processor and Energy Elite Eco printing plates offer the company time-saving plate processing with minimal consumption of chemicals.

PATRICK JANSEN, MANAGING DIRECTOR OF METAPRINT NETHERLANDS:
"We are ISO 14001 certified and are constantly looking for the latest ecological solutions throughout the entire packaging production chain that have the smallest possible environmental impact. As our partner for prepress, Agfa can optimally support our strategy in the field of sustainability."

LITOGRAFÍA FRANCISCO JARAMILLO (COLOMBIA)

Litografía Francisco Jaramillo has been in the market for 60 years. It specializes in publicity materials and packaging. In line with their environmental objectives for their production chain, the company recently switched to Agfa's process-free Eclipse printing plates. With Eclipse, the company found a printing plate that combines the benefits of process-free technology with effortless printing.

JENNY URQUINA MOTTA, GENERAL MANAGER LITOGRAFÍA FRANCISCO JARAMILLO:
"Eclipse is really easy to handle and enables us to save time, as there are no errors or scratches that might otherwise cause delays in the print production process."

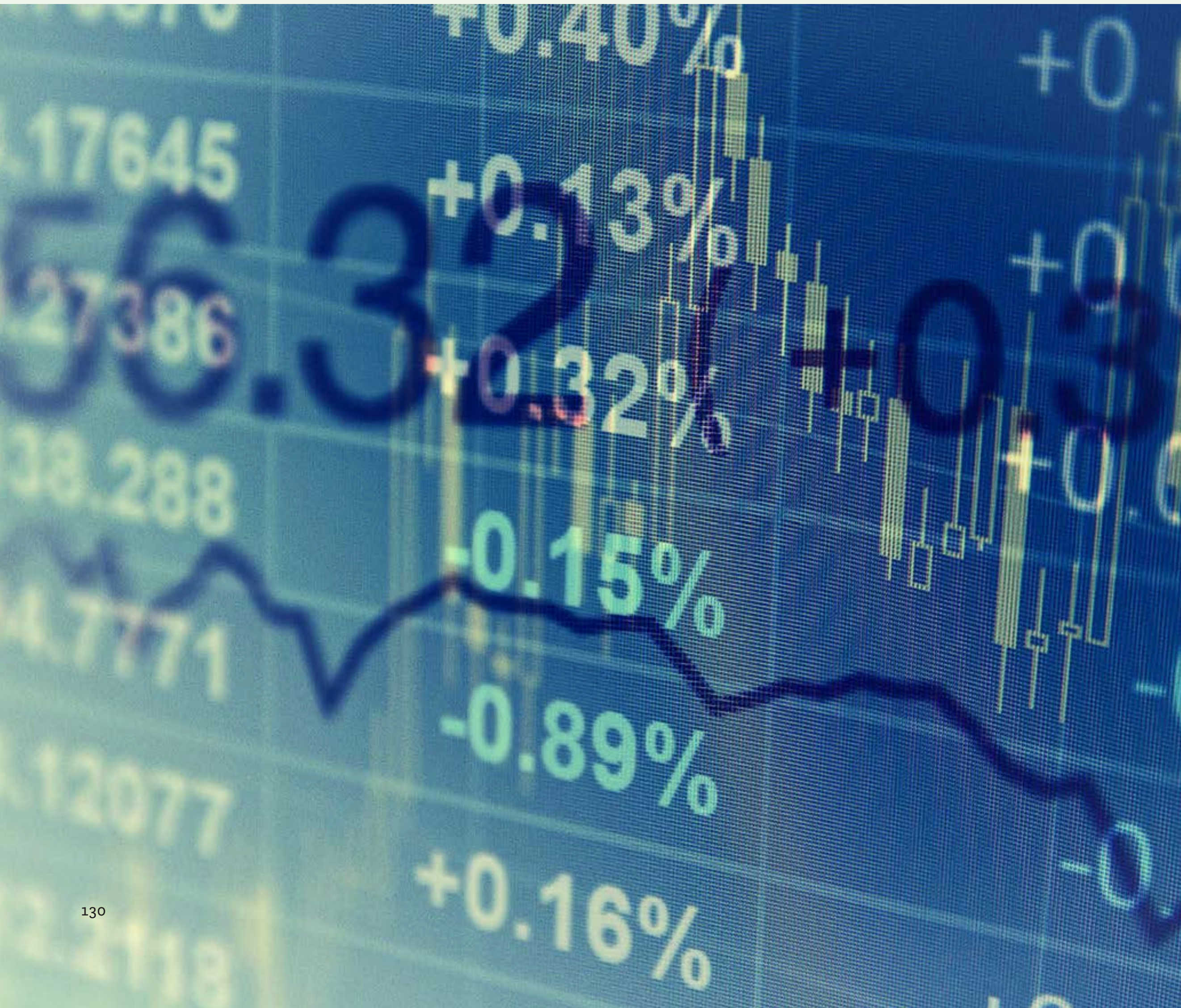
Financial Statements

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.



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Agfa-Gevaert Group - Consolidated statement of profit or loss

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2020	2021
CONTINUING OPERATIONS			
Revenue	**8**	**1,709**	**1,760**
Cost of sales		(1,215)	(1,263)
Gross profit		**494**	**497**
Selling expenses		(223)	(231)
Research and development expenses		(95)	(95)
Administrative expenses		(144)	(155)
Net impairment loss on trade and other receivables, including contract assets	22.2	(2)	(2)
Other operating income	9	39	41
Other operating expenses	9	(122)	(47)
Results from operating activities	**6**	**(52)**	**9**
Interest income (expense) - net		**(4)**	**(1)**
Interest income	10	1	2
Interest expense	10	(6)	(3)
Other finance income (expense) - net		**(26)**	**(6)**
Other finance income	10	2	10
Other finance expense	10	(28)	(16)
Net finance costs		**(31)**	**(8)**
Share of profit of associates - net of tax		-	-
Profit (loss) before income taxes		(83)	1
Income tax expense	17	(15)	(15)
Profit (loss) from continuing operations		**(98)**	**(14)**
DISCONTINUED OPERATIONS [1]			
Profit from discontinued operation - net of tax	**20**	**719**	**-**
Profit (loss) for the year		**621**	**(14)**
Profit (loss) attributable to:			
Owners of the Company		613	(17)
Non-controlling interests		7	4
Earnings per share (Euro)			
Basic earnings per share / diluted earnings per share (Euro)	12	3.66	(0.11)
Basic earnings per share (Euro) continuing operations	12	(0.63)	(0.11)
Basic earnings per share (Euro) discontinuing operations	12	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 part of Agfa HealthCare's IT business in May 2020.

Agfa-Gevaert Group - Consolidated statement of comprehensive income

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2020	2021
Profit (loss) for the period		**621**	**(14)**
Profit (loss) for the period from continuing operations		*(98)*	*(14)*
Profit (loss) for the period from discontinued operations [(1)]		*719*	-

Other comprehensive income - net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		***(39)***	***30***
Exchange differences on translation of foreign operations	37.6	(39)	30
Cash flow hedges:		***10***	***(9)***
Effective portion of changes in fair value of cash flow hedges	37.4	7	4
Change in fair value of cash flow hedges reclassified to profit or loss	37.4	(1)	(1)
Adjustments for amounts transferred to initial carrying amount of hedged items	37.4	6	(13)
Income taxes	37.4	(2)	2
Items that will not be reclassified subsequently to profit or loss:		**(100)**	**91**
Equity investments at fair value through OCI - change in fair value	37.3	(1)	2
Remeasurement of the net defined benefit liability	37.5	(102)	96
Income tax on remeasurement of the net defined benefit liability	37.5	3	(7)
Total other comprehensive income for the period - net of tax:		**(129)**	**112**
Total other comprehensive income from continuing operations		*(129)*	*112*
Total other comprehensive income from discontinued operations		-	-

Total comprehensive income for the period attributable to:		**491**	**99**
Owners of the Company		486	91
Non-controlling interests		5	8
Total comprehensive income for the period from continuing operations attributable to:		**(227)**	**99**
Owners of the Company (continuing operations)		(232)	91
Non-controlling interests (continuing operations)		5	8
Total comprehensive income for the period from discontinued operations attributable to:		**719**	**-**
Owners of the Company (discontinued operations)		719	-
Non-controlling interests (discontinued 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 part of Agfa HealthCare's IT business in May 2020.

Agfa-Gevaert Group - Consolidated statement of financial position

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

MILLION EURO	Note	December 31, 2020	**December 31, 2021**
ASSETS			
Non-current assets		**714**	**756**
Goodwill	27	265	280
Intangible assets	27	19	13
Property, plant and equipment	28	127	129
Right-of-use assets	29	78	68
Investments in associates	30	-	1
Other financial assets	30	7	8
Assets related to post-employment benefits	13	-	40
Trade receivables	22.2	15	12
Receivables under finance lease	31	68	70
Other assets	36	16	11
Deferred tax assets	17	120	124
Current assets		**1,490**	**1,339**
Inventories	32	389	418
Trade receivables	22.2	297	307
Contract assets	8.3	64	76
Current income tax assets	17	63	63
Other tax receivables	18	15	19
Other financial assets	30	9	2
Receivables under finance lease	31	29	30
Other receivables	33	9	4
Other current assets	36	18	18
Derivative financial instruments	25	9	1
Cash and cash equivalents	34	585	398
Non-current assets held for sale	35	4	3
TOTAL ASSETS		**2,204**	**2,095**
EQUITY AND LIABILITIES			
Equity	**37**	**620**	**685**
Equity attributable to owners of the Company		**570**	**632**
Share capital		187	187
Share premium		210	210
Retained earnings		1,412	1,284
Other reserves		(76)	(1)
Translation reserve		(42)	(15)
Post-employment benefits: remeasurement of the net defined benefit liability		(1,122)	(1,033)
Non-controlling interests		**51**	**54**
Non-current liabilities		**1,046**	**812**
Liabilities for post-employment and long-term termination benefit plans	13	956	735
Other employee benefits	16	13	11
Loans and borrowings	38	54	46
Provisions	39	16	12
Deferred tax liabilities	17	4	6
Contract liabilities	8.3	2	1
Other non-current liabilities		1	-
Current liabilities		**538**	**597**
Loans and borrowings	38	29	27
Provisions	39	63	42
Trade payables	23	198	252
Contract liabilities	8.3	103	111
Current income tax liabilities	17	23	28
Other tax liabilities	18	24	28
Other payables	40	8	9
Employee benefits	16	88	99
Other current liabilities		1	-
Derivative financial instruments	25	2	2
TOTAL EQUITY AND LIABILITIES		**2,204**	**2,095**

Agfa-Gevaert Group - Consolidated statement of changes in equity

The accompanying notes on pages 138 to 234 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, 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 remeasurement on defined benefit liability related to entities divested		-	-	(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**
Balance at January 1, 2021		**187**	**210**	**1,412**	**(82)**	**-**	**7**	**(1,122)**	**(42)**	**570**	**51**	**620**
Comprehensive income for the period												
Profit (loss) for the period		-	-	(17)	-	-	-	-	-	(17)	4	(14)
Other comprehensive income net of tax	37.9	-	-	-	-	2	(9)	89	26	109	4	112
Total comprehensive income for the period		**-**	**-**	**(17)**	**-**	**2**	**(9)**	**89**	**26**	**91**	**8**	**99**
Transactions with owners, recorded directly in equity - changes in ownership		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	37.8	-	-	-	-	-	-	-	-	-	(5)	(5)
Purchase of own shares	37.2	-	-	-	(29)	-	-	-	-	(29)	-	(29)
Cancellation of own shares	37.2	-	-	(111)	111	-	-	-	-	-	-	-
Total transactions with owners, recorded directly in equity		**-**	**-**	**(111)**	**82**	**-**	**-**	**-**	**-**	**(29)**	**(5)**	**(34)**
Balance at December 31, 2021		**187**	**210**	**1,284**	**-**	**2**	**(2)**	**(1,033)**	**(15)**	**632**	**54**	**685**

Agfa-Gevaert Group - Consolidated statement of cash flows

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2020	2021
Profit (loss) for the period		**621**	**(14)**
Income taxes	17	8	15
Share of (profit)/loss of associates - net of tax		-	-
Net finance costs	10	31	8
Operating result		**660**	**9**
Depreciation and amortization (excluding D&A on right-of-use assets)	27/28	38	34
Depreciation and amortization on right-of-use assets	29	31	28
Impairment losses on goodwill		-	-
Impairment losses on intangibles		-	-
Impairment losses on PP&E		2	-
Impairment losses on right-of-use assets		(1)	1
Recycling of hedge reserve	21.4	(1)	(1)
Government grants and subsidies		(6)	(13)
Gains/losses on the sale of intangible assets and PP&E		(9)	(8)
Gains on the disposal of discontinued operations	20	(700)	-
Expenses for defined benefit plans and long term termination benefits		41	30
Accrued expenses for personnel commitments		65	75
Write-downs/reversals on inventories		12	11
Impairments/reversals on receivables		2	2
Additions/reversals of provisions		76	13
Exchange results and changes in fair value of derivatives		(7)	5
Operating cashflow before changes in working capital		**205**	**186**
Change in inventories		25	(48)
Change in trade receivables		50	6
Change in contract assets		(10)	(8)
Change in trade working capital assets		**64**	**(50)**
Change in trade payables		2	38
Change in contract liabilities		23	3
Change in trade working capital liabilities		**25**	**41**
Changes in trade working capital		**89**	**(10)**
Cash out for employee benefits		(403)	(273)
Cash out for provisions		(37)	(39)
Changes in lease portfolio		(3)	(1)
Changes in other working capital		15	17
Cash settled operating derivatives		(3)	12
Cash generated from operating activities		**(136)**	**(108)**
Income taxes paid		(17)	(8)
Net cash from (used in) operating activities		**(153)**	**(116)**
of which related to discontinued operations		***28***	-

Agfa-Gevaert Group - Consolidated statement of cash flows (continued)

The accompanying notes on pages 138 to 234 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2020	2021
Capital expenditures		(33)	(26)
Proceeds from sale of intangible assets and PP&E	27/28	9	12
Proceeds from assets held for sale		-	-
Acquisitions of associates and subsidiaries, net of cash acquired	19/30	(1)	(1)
Disposal of discontinued operations, net of cash disposed of [1]	20	915	-
Repayment of loans granted to 3rd parties		-	9
Interest received		2	4
Dividends received		-	-
Net cash from (used in) investing activities		**892**	**(2)**
of which related to discontinued operations		***913***	-
Interest paid		(7)	(4)
Dividends paid to non-controlling interests		-	(5)
Purchase of treasury shares		-	(29)
Proceeds from borrowings	38.4	59	2
Repayment of borrowings	38.4	(259)	(3)
Payment of finance leases	38.4	(34)	(29)
Proceeds/(payment) of derivatives		(9)	(2)
Other financing income/(costs) received/paid		-	4
Net cash from (used in) financing activities		**(249)**	**(67)**
of which related to discontinued operations		***(4)***	-
Net increase (decrease) in cash and cash equivalents		**490**	**(185)**
Cash and cash equivalents at the start of the period		***99***	***585***
Net increase/(decrease) in cash & cash equivalents		490	(185)
Effect of exchange rate fluctuations		(3)	(1)
Gains/(losses) of marketable securities	22.2	(1)	(1)
Cash and cash equivalents at the end of the period [2]	**34**	**585**	**398**

(1) The Group has elected to present a statement of cash flows that includes all cash flows, including both continuing and discontinued operations.
(2) Bank overdrafts are presented in minus of cash and cash equivalents in the cash flow statement: December 2021 0.1 million Euro, December 2020 0.3 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 2021 Consolidated Financial Statements of the Group include the Company and 96 consolidated subsidiaries (2020: 95 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, 2021.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2021. 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 22, 2022.

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 JUDGEMENTS

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 2021

The consolidated statements of the Group as disclosed in this annual report take into account new standards applicable as from January 1, 2021. Following standards and amendments were applied for the first time to the Group's financial statements for the year 2021. These standards were either not applicable or did not have a material impact to the Group's financial statements.

It relates to :

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform – Phase 2* (issued on August, 27 2020)
- Amendments to IFRS 4 *Insurance Contracts* – deferral of IFRS 9 (issued on June 25, 2020)
- Amendments to IFRS 16 *Leases:* COVID-19-Related Rent Concessions beyond June 30, 2021 (issued on March, 31 2021) – effective as from April 1, 2021. The pronouncement amended IFRS 16 *Leases* to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2021. Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use.

PERFORMANCE OF THE YEAR

Excluding currency effects, the Agfa-Gevaert Group posted 3.4% top line growth. In spite of a slow start in the first months of the year - which were still strongly affected by the pandemic - both the Digital Print & Chemicals division and the Offset Solutions division significantly improved their top line due to successful price increase actions and volume increases. In the Radiology Solutions division, the Direct Radiography business' top line suffered from the uncertainty in the market. In the aftermath of the pandemic, hospitals are reconsidering their priorities and postponing large DR projects. In the field of medical film, price increases did not suffice to offset the ongoing impact of cost inflation, the pandemic and the effects of the adapted centralized procurement practices in China in early 2021. As expected, the HealthCare IT division saw an upturn in both volumes and profitability towards the end of the year. In the course of the year, the division witnessed a temporary delay in project implementations, but the order book always remained at a healthy level.

As successful price actions allowed the Group to partly mitigate cost inflation, its gross profit margin decreased only slightly to 28.3% of revenue. Due to strict cost management, the Group was able to keep Selling and General Administration expenses stable at 20.6% of revenue, in spite of a strong increase in transportation costs. Supported by the strong performance of the HealthCare IT division in the fourth quarter, the Group's adjusted EBITDA increased from 99 million Euro (5.8% of revenue) in 2020 to 104 million Euro (5.9% of revenue). Adjusted EBIT reached 42 million Euro, versus 36 million Euro in 2020.

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:

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.

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.

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.

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 (2021: 20 million Euro, 2020: 84 million Euro) and non-recurring items (2021: 13 million Euro, 2020: 4 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 adjusted 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 & Chemicals		HealthCare IT		TOTAL	
MILLION EURO	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Revenue	704	748	485	464	289	330	230	219	1,709	1,760
Change	-16.5%	6.3%	-9.4%	-4.5%	-18.6%	13.9%	-4.6%	-4.8%	-13.5%	3.0%
Adjusted EBIT	(22)	(6)	52	38	9	7	14	22	53	61
% of revenue	-3.1%	-0.8%	10.7%	8.1%	3.1%	2.3%	6.1%	9.9%	3.1%	2.4%
Amortization and depreciation	9	8	16	15	6	8	3	3	34	34
Depreciation right-of-use assets	10	10	8	8	4	4	6	6	28	28
Adjusted EBITDA	(3)	12	76	61	19	19	24	30	116	122
Segment result	(61)	(16)	20	41	6	5	13	18	(22)	47
Segment assets	421	429	389	392	219	240	385	395	1,414	1,456
Segment liabilities	304	293	217	193	84	76	141	129	746	691
Net cash from (used in) reportable segments	2	3	47	54	12	5	50	6	111	68
Capital expenditures	8	6	10	10	11	9	3	1	33	26
Impairment losses recognized on non-current assets	1	1	-	-	1	-	(1)	-	1	1
Other non-cash items	61	40	57	32	20	27	20	15	158	114
Research and development expenses	21	20	16	18	20	22	31	29	88	89
Average number of employees (Full time equivalents) (1)	2,917	2,402	2,328	2,285	1,053	1,157	1,293	1,281	7,591	7,126

(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	2020	2021
Revenue		
Revenue for reportable segments	1,709	1,760
Consolidated revenue	**1,709**	**1,760**
Adjusted EBIT		
Adjusted EBIT for reportable segments	53	61
Adjusted EBIT not allocated to a reportable segment (1)	(17)	(19)
Consolidated adjusted EBIT	**36**	**42**
Profit or loss		
Segment result	(22)	47
Profit (loss) from operating activities not allocated to a reportable segment (1)	(31)	(38)
Results from operating activities	**(52)**	**9**
Other unallocated amounts:		
Interest income (expense) - net	(4)	(1)
Other finance income (expense) - net	(27)	(6)
Share of profit of associates - net of tax	-	-
Consolidated profit (loss) before income taxes	**(83)**	**1**
Assets		
Total assets for reportable segments	1,414	1,456
Operating assets not allocated to a reportable segment (1)	3	43
Financial assets	16	10
Deferred tax assets	120	124
Derivative financial instruments	4	1
Cash and cash equivalents	585	398
Other unallocated receivables	63	63
Consolidated total assets	**2,204**	**2,095**
Liabilities		
Total liabilities for reportable segments	746	691
Operating liabilities not allocated to a reportable segment (1)	725	608
Loans and borrowings	83	72
Deferred tax liabilities	4	6
Derivative financial instruments	2	2
Other unallocated liabilities	24	30
Equity	620	685
Consolidated total equity and liabilities	**2,204**	**2,095**
Cash flows		
Net cash from (used in) reportable segments	111	68
Operating cash flows not allocated to a reportable segment	(320)	(218)
Net interest and dividend paid to non-controlling interests	(5)	(5)
Purchase of treasury shares	-	(29)
Net proceeds from borrowings	(200)	(2)
Acquisitions and disposals of business	914	-
Proceeds/(payment) of derivatives	(9)	(2)
Other	-	4
Consolidated net increase (decrease) in cash and cash equivalents	**490**	**(185)**

(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 2020 and 2021

Other material items 2020

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	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

Other material items 2021

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	27/28	26	-	26
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		114	-	114
Research and development expenses		89	6	95

6.5 Geographical information for 2020 and 2021

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

MILLION EURO	2020 Revenue by market (1)	**2021** **Revenue by market (1)**
Europe	627	654
of which related to home market Belgium	31	34
NAFTA	361	350
Latin America	96	107
Asia/Oceania/Africa	624	650
TOTAL	**1,709**	**1,760**
All foreign countries		
Germany	126	132
France	56	57
Italy	67	69
UK	74	74
US	281	270
Canada	48	48
Brazil	45	50
India	45	54
China	319	322
Japan	49	50
Other countries	599	634
TOTAL CONSOLIDATED	**1,709**	**1,760**

(1) Location of customer

MILLION EURO	2020 Non-current assets (1)	2021 Non-current assets (1)
Europe	231	267
of which related to home market Belgium	174	184
NAFTA	291	301
Latin America	11	9
Asia/Oceania/Africa	61	54
TOTAL	**594**	**632**
All foreign countries		
Germany	38	33
Belgium	174	183
United Kingdom	2	41
US	145	151
Canada	143	148
Brazil	7	6
China	29	29
Hong Kong	16	12
Other countries	40	28
TOTAL	**594**	**632**

(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 2021, non-recurring items amount to 13 million Euro and mainly comprise strategic transformation projects related costs of 20 million Euro (stand-alone of Offset Solutions and changing the organizational structure into a lean, agile and future-oriented structure), lawyer expenses of 1 million Euro, an exceptional write-down of inventories of 1 million Euro, an exceptional write-down of unrecoverable balance sheet amounts of 1 million Euro, a provision related to the exit of a leased facility in the US of 1 million Euro, a gain on the sale of assets of 7 million Euro and a positive impact of 4 million Euro related to pensions and simular plans (see Note 9).

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.

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	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**
Segment result (*)	(61)	(16)	6	5	20	41	13	18	(22)	47
Adjusted EBIT	(22)	(6)	9	7	52	38	14	22	53	61
Adjusted EBITDA	(3)	12	19	19	76	61	24	30	116	122

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

Reconciliation of segment adjusted EBIT to results from operating activities	2020	**2021**
Segment adjusted EBIT	53	61
Adjusted EBIT from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(17)	(19)
Adjusted EBIT	**36**	**42**
Restructuring	(84)	(20)
Non-recurring	(4)	(13)
Results from operating activities	**(52)**	**9**
Reconciliation of adjusted EBIT to adjusted EBITDA		
Adjusted EBIT	**36**	**42**
Depreciation and amortization on Intangible assets and PP&E	34	34
Depreciation right-of-use assets (IFRS 16 impact)	28	28
Adjusted EBITDA	**99**	**104**
Reconciliation of segment adjusted EBITDA to adjusted EBITDA		
Segment adjusted EBITDA	**116**	**122**
Adjusted EBITDA from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(17)	(19)
Adjusted EBITDA	**99**	**104**

8. REVENUE

MILLION EURO	2020	**2021**
Revenue from contracts with customers	1,658	1,709
Revenue from other sources: Cash Flow hedges	1	1
Revenue from other sources: Leasing activities	50	50
TOTAL REVENUE	**1,709**	**1,760**

Excluding currency effects, the Agfa-Gevaert Group's revenue increased by 3.4%. In spite of a slow start in the first months of the year – which were still strongly affected by the COVID-19 pandemic – both the Digital Print & Chemicals division and the Offset Solutions division significantly improved revenue due to successful price increase actions and volume increases. In the Radiology Solutions division, the Direct Radiography business' top line suffered from the uncertainty in the market. In the aftermath of the pandemic, hospitals are reconsidering their priorities and postponing large DR projects. In the field of medical film, price increases did not suffice to offset the ongoing impact of the pandemic and the effects of the adapted centralized procurement practices in China in early 2021. As expected, the HealthCare IT division saw an upturn in both volumes and profitability towards the end of the year. In the course of the year, the division witnessed a temporary delay in project implementations, but the order book always remained at a healthy level.

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. Other sources of revenue include rental income from owned and leased equipment under finance leases and immaterial amounts related to hedge accounting.

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 IFRS 15 standard, 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. In accordance with 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 or modification. Within the Offset Solutions and Digital Print & Chemicals business segment, equipment sales that require substantive installation activities are recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications.
Under 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 66 million Euro (2020: 54 million Euro), and to 9 million Euro within the Radiology Solutions division (2020: 9 million Euro). There are limited contract assets outstanding within the Offset Solutions division and in the Digital Print & Chemicals division per December 31, 2021 and per December 31, 2020. Contract liabilities related to multiple-element arrangements within the HealthCare IT business amount to 58 million Euro (2020: 57 million Euro), within Radiology Solutions to 27 million Euro (2020: 27 million Euro), within Digital Print & Chemicals to 11 million Euro (2020: 5 million Euro) and within Offset Solutions to 16 million Euro (2020: 15 million Euro).

8.2 Disaggregation of revenue from contracts with customers

The disaggregation of revenue from contracts with customers at December 31, 2021, and December 31, 2020, as required by IFRS 15 can be presented as follows:

MILLION EURO	2021 Offset Solutions	2021 Digital Print & Chemicals	2021 Radiology Solutions	2021 HealthCare IT	2021 TOTAL
Geographical region					
Europe	318	145	120	70	654
NAFTA	103	72	55	119	350
Latin America	44	8	46	9	107
Asia/Oceania/Africa	283	104	242	21	650
Total revenue by geographical region (destination perspective)	***748***	***330***	***464***	***219***	***1,760***
Revenue by nature					
Revenue from the sale of goods	704	301	370	62	1,438
Revenue from the sale of services	43	28	93	157	322
Timing of recognition					
Revenue recognized at a point in time	707	302	372	62	1,443
Revenue recognized over time	41	27	92	157	317

MILLION EURO	2020 Offset Solutions	2020 Digital Print & Chemicals	2020 Radiology Solutions	2020 HealthCare IT	2020 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

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 Trade receivables and contract balances

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

MILLION EURO	2020	2021
Trade receivables	**312**	**319**
Contract assets		
Assets recognized for costs to fulfill contracts	16	16
Goods/services transferred before payment is due	48	60
Contract liabilities		
Deferred revenue	83	84
Advance payments received from customers	10	19
Expected volume discounts/rebates	12	9

At December 31, 2021, contract assets amounted to 76 million Euro (2020: 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, 2021, contract liabilities amounted to 112 million Euro (111 million Euro current and 1 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 2021.
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	**64**	**105**
Revenue recognized that was included in the contract liability at the beginning of the period	-	(105)
Revenue recognized from performance obligations satisfied in previous periods	-	-
Advance billings to customers during the year	-	177
Advance payments received from customers during the year	-	32
Revenue recognized during the period	-	(99)
Contract assets recognized during the period	137	-
Transfer from contract assets to receivables	(91)	-
Impairment of contract assets	-	-
Contract assets (work in progress) released in COGS during the period	(37)	-
Change in volume discounts/rebates	-	(3)
Exchange differences	3	4
Closing balance of contract balances	**76**	**112**

9. OTHER OPERATING INCOME AND EXPENSES

9.1 Other operating income

MILLION EURO	2020	2021
Exchange gains and changes in fair value of derivatives	6	6
Finance lease income	6	6
Gains on the sale of property, plant and equipment	9	8
Gain from curtailment of pension plan in France	4	-
Past service credits related to pension plans in UK, Germany and France	3	1
Gains on freeze and settlement of defined benefit plan in Sweden	-	5
Income from reversal of unutilized provisions	2	1
Other income	9	14
TOTAL	**39**	**41**

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

For 2021, gains on the sale of property, plant and equipment relate for 7 million Euro to the sale of our former production site in Leeds (UK), previously classified as held-for-sale (see Note 35). In 2020, gains on the sale of property, plant and equipment related 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.

The closure of our manufacturing site in Pont-à-Marcq (France) in 2020 has resulted in the recognition of a curtailment gain on pension entitlements amounting to 4 million Euro.

The past service credits shown in 2021 are the result of restructuring exercises in France during the year. In 2020, past service credits amounting to 3 million Euro have 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.

In Sweden, the Company has transferred out its pension liabilities in the course of Q1 2021 to an insurance company resulting in a one-time cash-out of 16 million Euro and a one-time gain of 5 million Euro.

9.2 Other operating expenses

MILLION EURO	2020	2021
Restructuring expenses	84	20
Exchange losses and changes in fair value of derivatives	13	10
Other impairment losses on goodwill, intangible assets, PP&E and right-of-use assets related to the closure of Wilmington (US)	2	1
Settlement loss for Agfa Corporation Pension Plan in US	2	-
Past service cost 'Jubilee' plan Belgium	-	2
Housing expenses related to empty space	6	3
Other expenses	15	11
TOTAL	**122**	**47**

The Company has recognized 20 million Euro restructuring expenses in 2021, mainly comprising costs linked to the reorganization of the Company's ICS department and the announced partnership with Atos, a global leader in digital transformation (14 million Euro), costs related to the closure of Ipagsa, a printing plate supplier operating in the low cost business (4 million Euro), additional costs related to the closed production sites in Leeds and Pont-à-Marcq (3 million Euro) and costs for LT termination benefit resulting from new collective labor agreements (2 million Euro), offset by a positive impact of 10 million Euro due to the reassessment of the reorganization costs for the factories in Peisenberg and Peiting (Germany).
In 2020, the Company has recognized restructuring expenses amounting to 84 million Euro that mainly comprised employee termination costs. They mainly related 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.

Due to the closure of our production site in Wilmington (US), the Company has recognized in 2021 an impairment loss on right-of-use assets amounting to 1 million Euro related to the rent of buildings.

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 2 million Euro.

'Jubilee' benefits in Belgium relate to travel vouchers granted on 25-, 35-, and 40-year service anniversaries. They have been valued for the first time at December 31 2021, resulting in the recognition of a past service cost amounting to 2 million Euro.

10. NET FINANCE COSTS

MILLION EURO	2020	2021
Interest income		
on bank deposits	1	2
TOTAL INTEREST INCOME	**1**	**2**
Interest expense on financial liabilities measured at amortized cost		
on bank loans	(6)	(3)
on debentures	-	-
TOTAL INTEREST EXPENSE	**(6)**	**(3)**
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	-	7
Interest income on derivatives not part of a hedging relationship	1	-
Gains on revaluation of deferred contingent consideration business combinations	-	-
Other	1	3
TOTAL OTHER FINANCE INCOME	**2**	**10**
Other finance expense		
Net periodic pension cost treated as other finance income (expense) and interest portion on other interest-bearing provisions (1)	(16)	(7)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(2)	(1)
Interest expense on derivatives not part of a hedging relationship	(1)	(1)
Interest expense on cash flow hedges	(2)	-
Interest expense on other receivables	(1)	-
Interest expense for leases	(2)	(2)
Impairment loss on marketable securities	(1)	(1)
Unwinding of discount on provisions	-	(1)
Other	(4)	(3)
TOTAL OTHER FINANCE EXPENSE	**(28)**	**(16)**
NET FINANCE COSTS	**(31)** (2)	**(8)** (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.

	2020	2021
Total interest income on financial assets	1	2
Total interest expense on financial liabilities	(8)	(5)

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	2020	2021
Revenue		**1,796**	**1,760**
of which continuing operations		***1,709***	***1,760***
Cost of raw materials, goods purchased for resale and production related costs (including changes in inventories)		(703)	(739)
Cost of services and other goods		(333)	(340)
Personnel expenses		(637)	(593)
Amortization and depreciation	27/28	(69)	(62)
of which continuing operations		*(63)*	*(62)*
Impairment losses on goodwill, intangible assets and PP&E		(1)	(1)
Write-downs/write-offs on inventories	32	(12)	(11)
Impairment losses on receivables	22.2	(2)	(2)
Changes in provisions excl. restructuring		-	-
Restructuring expenses	6/7/9	(84)	(20)
of which continuing operations		*(84)*	*(20)*
Other tax expenses		(15)	(13)
Other expenses		(29)	(23)
Other tax income		-	-
R&D tax credits		5	5
Interest income from leasing activities		4	4
Capitalized expenses (projects, assets under construction)		4	3
Gain on the sale of intangible assets and PP&E		9	8
Gain on the disposal of discontinued operations	20.2	700	-
Other income		29	33
Operating result		**660**	**9**
Elimination of discontinued operations		(712)	-
Operating result (from continuing operations)		**(52)**	**9**

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 2021 amounted to 593 million Euro compared to 637 million Euro in 2020 (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 2021 amounted to 7,126 (2020: 7,591). Classified per corporate function, this average comprising permanent and temporary contracts can be presented as follows:

	2020	2021
Manufacturing/Engineering	2,547	2,261
Research and Development	872	844
Sales and Marketing/Service	2,712	2,614
Administration	1,460	1,408
TOTAL	**7,591**	**7,126**

12. EARNINGS PER SHARE

12.1 Basic earnings per share / Diluted earnings per share

The calculation of earnings per share at December 31, 2021, was based on the profit (loss) attributable to owners of the Company of minus 17 million Euro (2020: a profit of 613 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2021, of 165,003,570 (2020: 167,751,190).

Number of shares issued	160,506,706
Own shares (see Note 37.2)	(68,053)
Number of outstanding ordinary shares with voting rights December 31 (see note 37.1)	160,438,653
Effect of options exercised during 2021	-
Effect of stock options on issue	-
Weighted average number of ordinary shares at December 31, 2021	165,003,570

Euro	2020	2021
Basic earnings per share / Diluted earnings per share	3.66	(0.11)
EPS continuing operations	(0.63)	(0.11)
EPS discontinuing operations	4.28	-

The average fair value of one ordinary share during 2021 was 3.86 Euro per share.

EMPLOYEE BENEFITS

Employee benefit liabilities

MILLION EURO	December 31, 2020	December 31, 2021
Liabilities for post-employment benefits	947	728
Long-term termination benefits	9	8
Liabilities for post-employment and long-term benefit plans	**956**	**735**
Other non-current employee benefits	**13**	**11**
Non-current employee benefit liabilities	969	747
Current employee benefit liabilities	88	99
Total employee benefit liabilities	**1,056**	**846**

Employee benefit expenses

MILLION EURO	2020	2021
Payroll related expenses	505	463
Expenses for retirement benefits included in EBIT	42	36
Accrued expenses for personnel expenses	65	75
Other personnel expenses	24	19
Total employee benefit expenses included in EBIT	**637**	**593**

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 98% (2020: 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, 2020			**December 31, 2021**		
	Belgium/ Germany/ UK/US	Other countries	**TOTAL**	Belgium/ Germany/ UK/US	Other countries	**TOTAL**
Liabilities for post-employment benefits	909	38	947	714	14	728
Assets related to post-employment benefits	-	-	-	(40)	-	(40)
Net balance sheet position	**909**	**38**	**947**	**674**	**14**	**688**
	96%			98%		

MILLION EURO	Belgium/ Germany/ UK/US	Other countries	**TOTAL**	Belgium/ Germany/ UK/US	Other countries	**TOTAL**
Defined contribution plans - net premiums and taxes	2	3	4	4	4	8
Post-employment defined benefit plans - current service & administrative cost	23	1	24	24	-	24
Post-employment defined benefit plans - past service cost (gain)	(3)	-	(3)	-	(1)	(1)
Post-employment defined benefit plans - loss (gains) on settlements	2	(4)	(3)	-	(4)	(4)
Belgian defined contribution plans with return guaranteed by law	19	-	19	9	-	9
Expenses related to post-employment benefits, included in EBIT	**42**	**-**	**42**	**37**	**(1)**	**36**
Net interest cost related to post-employment benefits, including administrative costs of closed DB-plans	**15**	**1**	**16**	**8**	**-**	**8**
Total expenses related to post-employment benefits	**57**	**1**	**58**	**45**	**(1)**	**44**

In Sweden, the Company has transferred out its pension liabilities in the course of Q1 2021 to an insurance company resulting in a one-time cash-out of 16 million Euro and a one-time gain of 5 million Euro. The transfer of the Swedish pension plan to an external insurer mainly explains the evolution of the pension liabilities for the Group's non-material countries.

The evolution of the pension liabilities for the Group’s material countries is explained in section 13.2.

13.1 Defined contribution plans

The Agfa-Gevaert Group companies’ contributions to publicly or privately administered defined contribution pension funds or insurance contracts totaled 8 million Euro in 2021 (4 million Euro in 2020) of which 4 million Euro relates to the Group’s material countries (2 million Euro in 2020). 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 plans but instead as defined benefit plans. 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 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.

As insurance companies apply technical interest rates – i.e. agreed interest rates excluding profit-sharing – below the minimum return guaranteed by law, not all actuarial and investment risks relating to these insured plans are transferred to the insurance company managing the plans. Therefore these plans do not meet the definition of defined contribution plans under IFRS and are by default classified and measured as defined benefit plans. In Belgium, the DC-plans comprise pension plans, group insurance plans and bonus pension plans that provide for deferred compensation for employee bonuses. The net liability at December 31, 2021 amounted to 5 million Euro and is almost fully attributable to the bonus pension plans.

The total defined benefit cost recognized in profit or loss for 2021 amounted to 9 million Euro (2020: 19 million Euro) or a decrease of 9 million Euro mainly explained by the lower employee bonuses awarded over the 2021 service year.

Except for a group insurance plan for managers and executives, all DC-plans are fully financed by employer contributions. In 2021, the annual employer contributions amounted in total to 8 million Euro (2020: 16 million Euro). The Group expects a higher contribution amount in 2022.

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. In 2021, the Agfa UK Pension Plan entered into an annuity buy-in contract backing 70% of the pensioner liabilities of the plan.

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

Belgium

In Belgium, the defined benefit obligation relates mainly to 'Fabriekspensioenplan' that is 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 Offset BV to the beneficiaries of the plan.

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 to take their benefit as 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 2021, the Long Term Provision funding ratio was 116.86% (2020: 108.55%).

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. Additionally, Agfa is obliged to provide pension plans according to the Collective Labor Agreement (CLA) regulation of the Chemical Sector.

In Germany, we have two main pension plans: the 'old pension plan' that was closed to new entries as from 2005 and the 'new pension plan' applicable to employees joining as from 2005. The 'old pension plan' was closed to future benefit accrual as of December 31, 2009 and the participating employees joined the 'new pension plan' for future benefit accrual on enhanced benefit terms. Both plans comprise a basic and a supplementary plan. 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 insignificant. From 2004 onwards, Agfa has been responsible for adjustments to the pension payments processed by the Bayer Pensionskasse in accordance with 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 until 2003 are paid by the Penka directly. Consequently, the defined benefit liability disclosed in Agfa's accounts in respect of this basic plan solely relate to the post-2003 adjustments to 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 pensionable salary above the SSC. Then, an age independent factor is used for converting those 'contributions'[1] into individual pension entitlements.

The 'new pension plan' includes a basic pension plan, i.e. benefits entitlements on pensionable salary up to the SSC, and a supplementary pension plan accruing benefits on pensionable salary above the SSC. The basic plan is funded through contributions paid to the Rheinische Pensionskasse. Employees 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 accounted for on the balance sheet as a direct pension commitment, has no upper ceiling for pensionable salary.

The benefits accrued under the supplementary plan are based on 'contributions' [1] calculated as a fixed percentage of pensionable salary above the SSC. In contrast to the old pension plan, 'contributions' [1] to the new supplementary pension plan 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 introduced an option to pay out lump sums instead of monthly pension payments.

Employees who participated in the 'old pension plan' when it was closed to future accrual as of December 31, 2009, receive 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 contribute to this plan by deferred compensation.

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

In Germany, Agfa has a number of smaller plans from previous corporate acquisitions. These plans are all closed to future benefit accrual.

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 predetermined annual increase of those entitlements.

For 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 defined retirement benefit plans expose the Company to actuarial risks such as interest rate risk, pension indexation risk and longevity risk.

The expense for the 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 2020 and 2021: 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.

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. In 2021, the Agfa UK Pension Plan entered into an annuity buy-in contract backing 70% of the pensioner liabilities of the plan. To support this de-risking activity the Group made a contribution of 90 million Pound Sterling (105 million Euro) to the plan in 2021, effectively bringing forward the contributions expected under the agreement with the trustees, and so no further contributions are expected to be made in 2022.

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 this 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.

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 US 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. This funding percentage did not take into account the impact of the de-risking activities that took place in 2020. The 2021 funding percentage amounts to 102.91% and has been determined in September 2021.

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 2020 and 2021

MILLION EURO	2020			**2021**		
	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	**1,068**	**9**	**1,077**	**900**	**9**	**909**
Defined benefit cost included in profit or loss	36	19	55	32	9	41
Total remeasurements included in OCI	104	(3)	101	(88)	(6)	(94)
Net transfer in/(out), including impact of business combinations and divestitures	(6)	-	(6)	-	-	-
Cash flows						
Employer contributions	(252)	(16)	(268)	(138)	(8)	(146)
Benefits paid directly by the company	(41)	-	(41)	(40)	-	(40)
Currency effects: charge (or credit)	(8)	-	(8)	4	-	4
Net liability at December 31	**900**	**9**	**909**	**670**	**5**	**674**

The employer contributions for 2020 and 2021 have been impacted by one-time payments for US (114 million Euro in 2020), for UK (67 million Euro in 2020 and 105 million Euro in 2021) and Belgium (37 million Euro in 2020 and 9 million Euro in 2021).

Defined benefit costs for 2020 and 2021

MILLION EURO	2020			2021		
	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	22	19	41	23	9	32
Past service cost	(3)	-	(3)	-	-	-
(Gain) loss on settlements	2	-	2	-	-	-
Total service cost	**21**	**19**	**40**	**23**	**9**	**32**
Net interest cost						
Interest expense on DBO	32	2	34	20	2	22
Interest (income) on plan assets	(18)	(2)	(20)	(13)	(2)	(14)
Total net interest cost	**14**	**-**	**14**	**7**	**-**	**7**
Administrative expenses and taxes	2	-	2	2	-	2
DEFINED BENEFIT COST INCLUDED IN PROFIT OR LOSS	**36**	**19**	**55**	**32**	**9**	**41**
Actuarial losses (gains)						
Experience losses (gains) on plan liabilities	(18)	(13)	(31)	(21)	(4)	(25)
Demographic assumptions	9	2	11	(3)	-	(3)
Financial assumptions	132	5	137	(77)	(6)	(83)
Return on plan assets excl. Interest income	(21)	4	(17)	13	4	17
Total remeasurements included in OCI	**104**	**(3)**	**101**	**(88)**	**(6)**	**(94)**
TOTAL DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS AND OCI	**140**	**16**	**156**	**(57)**	**4**	**(53)**

The total defined benefit credit recognized in profit or loss and Other Comprehensive Income (OCI) for 2021 for the Group's material countries amounted to 53 million Euro (2020: cost of 156 million Euro). Of this amount, 41 million Euro expense is reflected in the Group's Consolidated Statement of Profit or Loss over 2021 (2020: 55 million Euro expense). The balance, being a credit of 94 million Euro for 2021 (a cost of 101 million Euro for 2020) is reflected in OCI under 'Remeasurement 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.

Evolution defined benefit obligation, fair value of assets and funded status during 2020 and 2021

The defined benefit obligation, plan assets and funded status for the Group's material countries are shown below.

	2020			2021		
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
Change in defined benefit obligation						
Defined benefit obligation at January 1	2,041	200	2,241	1,863	198	2,061
Service cost						
Current service cost, exclusive of employee contributions	22	19	41	23	9	32
Past service cost	(3)	-	(3)	-	-	-
(Gain)/loss on settlements	2	-	2	-	-	-
Interest expense	32	2	34	20	2	22
Cash flows						
Benefit payments	(311)	(10)	(321)	(79)	(8)	(87)
Employee contributions	-	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	9	2	11	(3)	-	(3)
Effect of changes in financial assumptions	132	5	137	(77)	(6)	(83)
Effect of experience adjustments	(17)	(13)	(30)	(21)	(4)	(25)
Currency effects: charge (or credit)	(37)	-	(37)	42	-	42
Defined benefit obligation at December 31	**1,863**	**198**	**2,061**	**1,767**	**191**	**1,959**
Change in plan assets						
Fair value of assets at January 1	973	191	1,164	963	189	1,152
Interest income	18	2	20	13	2	14
Employer contributions	293	16	309	178	8	186
Employee contributions	-	1	1	-	-	-
Benefit payments	(311)	(10)	(321)	(79)	(8)	(87)
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)	21	(4)	17	(13)	(4)	(17)
Currency effects: (charge) or credit	(29)	-	(29)	38	-	38
Fair value of assets at December 31	**963**	**189**	**1,152**	**1,098**	**187**	**1,284**
Funded status at December 31						
Funded status	900	9	909	670	5	674
Effect of asset ceiling/onerous liability	-	-	-	-	-	-
Net liability (asset) at December 31	**900**	**9**	**909**	**670**	**5**	**674**

At December 31, 2021, the total defined benefit obligation for the Group's material countries, excluding defined contribution plans with return guaranteed by law, amounted to 1,767 million Euro (1,863 million Euro at December 31, 2020). Of this amount, 1,088 million Euro (1,126 million Euro at December 31, 2020) is related to wholly or partly funded plans and 679 million Euro (737 million Euro at December 31, 2020) is related to unfunded plans.

At December 31, 2021, the financing deficit for the Belgian defined contribution plans with guaranteed return amounted to 5 million Euro (9 million Euro at December 31, 2020). The net pension liability for these plans is calculated as the difference between the present value of the defined benefit obligation (DBO) amounting to 191 million Euro (198 million Euro at December 31, 2020) and the fair value of the plan assets amounting to 187 million Euro (189 million Euro at December 31, 2020).

In 2020, benefit payments amounted to 321 million Euro and have been impacted by 211 million Euro settlement payments in US. For the Group's material countries, no settlement payments were made in 2021.

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 2020 and 2021, the following principal actuarial assumptions (weighted averages) have been used:

	December 31, 2020	**December 31, 2021**
Discount rate	1.05%	1.42%

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 plan.

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, 2021, the weighted average duration is 13.2 years (13.5 years at December 31, 2020).

Sensitivity analysis

The following information illustrates the sensitivity to a change as at December 31, 2021 in certain assumptions for the retirement plans of the Group's material countries.

MILLION EURO	**Effect on December 31, 2021 Defined benefit obligation**
25 bp decrease in discount rate	65
25 bp increase in discount rate	(62)
Change in mortality table, assuming employees live one year longer	67
Change in mortality table, assuming employees live one year shorter	(61)

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, 2020	**December 31, 2021**
Cash, cash equivalents and other	90	75
Equity instruments	232	124
Debt instruments	631	587
Investment funds	-	61
Assets held by insurance company (1)	199	437
TOTAL	**1,152**	**1,284**

(1) Mainly Belgian 'DC' plans with return guaranteed by law, and the annuity buy-in contract in the UK.

The de-risking activity in the UK in 2021 included the purchase of an annuity buy-in contract backing 70% of the pensioner liabilities (239 million Euro at December 31, 2021) as well as a change in the investment strategy for the plan to include LDI investment funds to better match the UK plan liabilities and reduce interest rate and inflation risks.

For the equity and debt instruments the Group applies a passive or semi-passive management (index tracking).

At 2020 and 2021 year-ends, 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 2022

For 2022, the Group expects for the defined benefit plans of its material countries a total defined benefit cost in profit or loss of 42 million Euro, comprising of 32 million Euro service cost (of which 14 million Euro related to defined contribution plans in Belgium), 2 million Euro administrative expenses and taxes and 8 million Euro net interest costs.

During the next fiscal year 2022, the Group expects to contribute 14 million Euro to its material retirement plans. This amount excludes the estimated contribution payments for the defined contribution plans in Belgium amounting to 14 million Euro.
The expected cash out for 2022 is 55 million Euro, excluding Belgian DC-plans, and is 123 million Euro lower than the Company's cash out for 2021 which amounted to 178 million Euro, comprising of 138 million Euro employer contributions and 40 million Euro benefit payments directly paid by the Company to the beneficiaries.

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, 2021, long-term termination benefits amounted to 8 million Euro (9 million Euro at December 31, 2020) 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 five 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 strike price for this second tranche was 3.9445 Euro. At December 31, 2021, the total outstanding stock appreciation rights amount to 400,000; 200,000 at strike price of 4.75 Euro and 200,000 at strike price of 3.9945 Euro.
- 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 38.27% for the first tranche and a volatility of 38.24% for the second tranche, and is presented as a liability with corresponding changes in fair value recognized in profit or loss (2021: 0.3 million Euro; 2020: 0.1 million Euro).

In the course of 2021, a long-term variable compensation, embedded in a Stock Appreciation Rights Plan that can result in an additional cash bonus was granted to key personnel members of the Group.

The key components of this Stock Appreciations Rights Plan are the following:

- At March 9, 2021 an amount of 830,000 Stock Appreciation Rights have been granted to key member personnel. The outstanding Stock Appreciation Rights at December 31, 2021 amount to 830,000;
- The strike price of these Stock Appreciation Rights have been set at 3.7793 Euro;
- 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 five years and expected volatility of 38.26%, and is presented as a liability with corresponding changes in fair value recognized in profit or loss (2021: 0.3 million Euro).

16. OTHER EMPLOYEE BENEFITS

The split between long-term and short-term employee benefits is presented in the table below:

MILLION EURO	2020	2021
Long-term employee benefits	13	11
Short-term employee benefits		
Liabilities for social expenses	18	20
Payroll liabilities	3	3
Other short-term liabilities	67	76
TOTAL	**101**	**110**

Long-term employee benefits comprise a long-term disability plan in the US, the plans ‘Jubilee’ and ‘Pensionsurlaub’ in Germany, Jubilee benefits in Belgium and some other long-service leave and service awards. At December 31, 2021, these amounted to 11 million Euro (13 million Euro at December 31, 2020). This amount comprises for 2 million Euro Jubilee benefits in Belgium which have been valued for the first time at December 31, 2021. The benefits relate to travel vouchers on 25-, 35-, and 40-year service anniversaries.

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	2020	2021
Taxes paid or accrued	19	20
Related to this year	19	23
Related to prior years	-	(3)
Deferred tax expense (income)	(11)	(5)
From temporary differences	(7)	(2)
From tax loss carryforwards and tax credits	(4)	(3)
Income tax expense	**8**	**15**
From continued operations	15	15
From discontinued operations	(7)	-

Last year's current tax expense of 19 million Euro comprises for 5 million Euro expenses related to discontinued operations. Current tax expenses on continuing operations have therefore evolved from 15 million Euro last year to 20 million Euro in 2021. The increase of 5 million Euro is due to one-off costs, 3 million Euro to changes in the group structure and 1 million Euro tax impact on the positive outcome of a court case on indirect taxes.
Deferred tax income has decreased from 11 million Euro in 2020 to 5 million Euro in 2021 but disregarding last year's impact of discontinued operations, i.e. a deferred tax income amounting to 12 million Euro, deferred tax income has increased by 6 million Euro. This evolution can be largely explained by the inclusion in 2021 of a deferred tax asset on tax losses of previous years.
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, 2021, current income tax assets amount to 63 million Euro (2020: 63 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 28 million Euro (2020: 23 million Euro), of which 17 million Euro (2020: 17 million Euro) relates to uncertain tax positions. From these uncertain tax positions 9 million Euro is relating to ongoing tax audits, procedures and litigations in various jurisdictions (2020: 8 million Euro). 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:

	December 31, 2020			**December 31, 2021**		
MILLION EURO	Assets	Liabilities	Net	**Assets**	**Liabilities**	**Net**
Intangible assets and goodwill	26	2	24	27	2	25
Property, plant and equipment	10	8	2	11	8	3
Right-of-use assets	-	20	(20)	-	17	(17)
Investments in associates and non-current financial assets	-	3	(3)	-	3	(3)
Inventories	20	3	17	20	4	17
Receivables	2	2	-	1	3	(1)
Provisions and liabilities for post-employment benefits	42	2	39	39	3	36
Lease liabilities	20	-	20	18	-	18
Other current assets and other liabilities	4	5	(2)	8	7	1
Deferred tax assets and liabilities related to temporary differences	**123**	**45**	**78**	**124**	**46**	**78**
Tax loss carry-forwards	37	-	37	38	-	38
Excess tax credits	2	-	2	1	-	1
Deferred tax assets/liabilities	**161**	**45**	**116**	**164**	**46**	**118**
Set off of tax	(41)	(41)	-	(40)	(40)	-
Net deferred tax assets/liabilities	**120**	**4**	**116**	**124**	**6**	**118**

The movement in temporary differences during 2020-2021 is disclosed in Note 17.4.
At December 31, 2021, the net deferred tax assets of 118 million Euro (2020: 116 million Euro) primarily relate to deductible temporary differences, more in particular with regard to defined benefit plans in Germany, mostly related to active employees.
95% of the Group's tax losses is concentrated in 7 entities in Belgium, US and Germany and only for 8% of the total tax loss a deferred tax asset has been recognized.

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: 373 million Euro (2020: 310 million Euro);
- tax credits: 17 million Euro (2020: 24 million Euro);
- temporary differences: 158 million Euro (2020: 169 million Euro).

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	-	-	-	-
2026	-	-	-	-
after	-	37	-	37
No expiry	158	335	17	511
TOTAL	**158**	**373**	**17**	**549**

17.3 Relationship between income tax expense and profit (loss) before income taxes

17.3.1 Summary 2020 and 2021

MILLION EURO	2020	2021
Profit (loss) before income taxes	629	1
Income tax expense	8	15
Tax rate	1.30%	

17.3.2 Reconciliation of effective tax rate 2020 and 2021

MILLION EURO	2020	2021
Profit (loss) before income taxes	629	1
Theoretical income tax expense (income)	192	1
Theoretical tax rate (1)	**30.61%**	**129.17%**
Disallowed items	18	7
Impact of tax credits and other deduction from tax basis	(16)	(5)
Tax losses of the year for which no deferred tax asset has been recorded	72	41
Tax losses used this year for which no deferred tax asset was recorded	(1)	(2)
Tax income recorded on losses of previous years	(2)	(5)
Prior year adjustments	9	2
Tax expense/(income) due to movement in deductible temporary differences for which no deferred tax asset was recorded	(31)	(24)
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	1	1
Impairments on goodwill and other assets for which no deferred tax asset has been recorded	(5)	-
Impact of adjustment in deferred tax rates	-	-
Other	5	(3)
Income tax expense	**8**	**15**
Effective tax rate	**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 2020-2021

MILLION EURO	December 31, 2019	Change in accounting policies	PPA Adjustments	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2020	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	**December 31, 2021**
Intangible assets and goodwill	9	-	-	5	11	-	(1)	24	-	2	-	-	25
Property, plant and equipment	3	-	-	(1)	-	-	(1)	2	-	-	-	-	2
Right-of-use assets	(29)	-	-	7	2	-	1	(20)	-	3	-	(1)	(17)
Investments in associates and non-current financial assets	(3)	-	-	-	-	-	-	(3)	-	-	-	-	(3)
Inventories	20	-	-	-	(2)	-	-	17	-	(1)	-	-	17
Receivables	(2)	-	-	-	2	-	-	-	-	(1)	-	-	(1)
Provisions and liabilities for post-employment benefits	46	-	-	(3)	(6)	3	(1)	39	-	2	(6)	1	36
Lease liabilities	30	-	-	7	(2)		(1)	20	-	(3)	-	1	18
Other current assets and other liabilities	(2)	-	-	-	3	(2)	-	(2)	-	-	2	1	1
Deferred tax assets and liabilities related to temporary differences	**71**	-	-	**1**	**7**	**1**	**(3)**	**78**	-	**2**	**(4)**	**2**	**78**
Tax loss carry-forwards	33	-	-	-	3	-	-	37	-	2	-	(1)	38
Excess tax credits	1	-	-	-	1	-	-	2	-	1	-	-	3
Deferred tax assets/liabilities	**106**	-	-	**1**	**11**	**1**	**(3)**	**116**	-	**5**	**(4)**	**1**	**118**

The deferred tax asset on provisions and liabilities for post-employment benefits which is recognized in other comprehensive income is related to the remeasurement of the net defined benefit liability (IAS 19R).

18. OTHER TAXES

Other tax receivables amount to 19 million Euro (2020: 15 million Euro) and other tax liabilities amount to 28 million Euro (2020: 24 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

19.1 Acquisitions 2021

During 2021 the Group made no acquisitions.

19.2 Acquisitions 2020

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.

20. DISPOSALS

20.1 Disposal 2021

During 2021 there were no disposals.

20.2 Disposal 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.

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 6 million Euro over 2021 for these services delivered (2020: 5 million Euro). Some services run over several years.

Result of discontinued operations

MILLION EURO	Four months 2020
Revenue	87
Cost of sales	(42)
Gross profit	**45**
Selling expenses	(9)
Research and development expenses	(17)
Administrative expenses	(6)
Net impairment loss on trade and other receivables, including contract assets	-
Other operating expenses	-
Other operating income	-
Results from operating activities	**12**
Interest income (expense) - net	-
Other finance income (expense) - net	(1)
Income tax expense	7
Share of profit of associates - net of tax	-
Profit (loss) from operating activities - net of tax	**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	**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.

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	
	2020	2021	2020	2021
EUR/USD	1.14128	1.183456	1.1234	1.1326
EUR/GBP	0.88922	0.86002	0.8508	0.84028
EUR/RMB	7.87084	7.633574	7.8205	7.1947
EUR/CAD	1.52944	1.483489	1.4598	1.4393
EUR/AUD	1.65539	1.574826	1.5995	1.5615
EUR/INR	84.57954	87.479778	80.187	84.2292
EUR/HKD	8.85168	9.19828	8.7473	8.8333

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, 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)
December 31, 2021				
USD	44.0	7.1	(48.7)	2.4
RMB	190.9	(186.4)	-	4.5
GBP	7.4	(6.6)	-	0.8
CAD	(1.8)	0.7	-	(1.1)
AUD	6.2	(4.8)	-	1.4
INR	263.9	-	(365.0)	(101.1)
HKD	3.2	(2.5)	-	0.8

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 the 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, 2021, 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, Chinese Renminbi, Brazilian Real, Mexican Peso, Australian Dollar, British Pound and Argentina Peso.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity	
	December 31, 2020	**December 31, 2021**
USD	201	232
RMB	549	578
BRL	163	92
AUD	39	40
MXN	234	234
GBP	(82)	(77)
ARS	191	335

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 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, Chinese Renminbi, 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, 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, 2021: -2 million Euro net of tax; December 31, 2020: 2 million Euro).
During 2021, losses amounting to 3 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 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.'

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	2021	Carrying amount		During the period - 2021						
	Nominal amount	Assets	Liabilities	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 P&L	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	15	-	(1.0)	Derivative financial instruments	(3)	-	Other finance expense	(1)	-	Revenue

MILLION EURO	2020	Carrying amount		During the period - 2020						
	Nominal amount	Assets	Liabilities	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 P&L	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)	-	Revenue

Cash flow hedges hedging its exposure in foreign currency have the following maturities:

2021		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	18	-	-
Average EUR:USD forward contract rate		1.23243	-	-

2020		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	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	-	-

21.1.4 Sensitivity analysis foreign currency risk

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 2021, net of the use of cash flow hedges.

	Profit or loss			
	2020		**2021**	
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 i.e. HKD	6.7	(6.7)	1.3	(1.3)
RMB	(1.8)	1.8	(4.6)	4.6
CAD	(0.2)	0.2	0.3	(0.3)
GBP	(3.4)	3.4	(3.2)	3.2
AUD	(2.1)	2.1	(1.6)	1.6
INR	(3.3)	3.3	(3.2)	3.2
KRW	(2.4)	2.4	(1.9)	1.9
CHF	(1.6)	1.6	(1.1)	1.1
JPY	(3.3)	3.3	(2.8)	2.8

With regard to cash flow hedges, a strengthening/weakening of the Euro by 10% against the US Dollar would have an impact to Other Comprehensive income, net of tax of 1 million/(1) million Euro. This analysis assumes that all other variables, in particular interest rates remain constant and ignores any impact of forecasted sales.

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			
	2020		**2021**	
MILLION EURO	Outstanding amount At floating rate	Outstanding amount At fixed rate	**Outstanding amount At floating rate**	**Outstanding amount At fixed rate**
EUR	(411)	-	(250)	-
USD	(7)	-	(33)	-
GBP	(6)	-	1	-
RMB	(18)	-	(16)	-
AUD	(23)	-	(23)	-
JPY	17	-	13	-
BRL	1	-	15	-
CAD	(8)	-	(13)	-
HKD	(7)	-	(8)	-
PLN	(4)	-	(5)	-
KRW	(5)	-	(4)	-
ZAR	(8)	-	(8)	-
INR	(5)	-	(12)	-
Other	(18)	-	18	-
TOTAL	**(502)**	**-**	**(325)**	**-**
NET FINANCIAL DEBT	**(502)**		**(325)**	

21.2.1 Sensitivity analysis interest rate risk

A change of 100 basis points in interest rates at December 31, 2021 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 2020.

	Profit or loss	
	100 bp increase	100 bp decrease
December 31, 2020		
Net impact	5.02	(5.02)
December 31, 2021		
Net impact	3.30	(3.30)

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.

At December 31, 2021, there are no outstanding metal swap agreements. 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, 2021: 0 million Euro net of tax; December 31, 2020: 4 million Euro net of tax). During 2020, gains amounting to 2 million Euro have been recognized in 'Other comprehensive income.' An amount of 6 million Euro has been reclassified from 'Other comprehensive income' and has been capitalized in 'Inventory.'

Taxes amounting to 1 million Euro have been deducted from 'Other comprehensive income.'

During 2021, gains amounting to 7 million Euro have been recognized in 'Other comprehensive income.' An amount of 13 million Euro has been reclassified from 'Other comprehensive income' and has been deducted in 'Inventory.' Taxes amounting to 1 million Euro have been included in '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 commodity risk on the financial statements:

	2021		**During the period - 2021**						
	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	-	-	Derivative financial instruments	7	-	-	-	(13)	-
	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	-

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:

2021		Maturity		
		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value (in millions of foreign currency)	USD	-	-	-
Average LME swap rate	USD/ton	-	-	-
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	-

21.3.1 Sensitivity analysis commodity price risk

For 2021, the Group's exposed tonnage of silver is around 89 tons (2020: 95 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 2.8 million US Dollar on a yearly basis (2020: 3 million US Dollar). The analysis has been carried out on the actual exposed volume for the year 2021. The aforementioned Group's exposed tonnage of silver disregards the ability to partly charge its customers without existing silver clauses on the variability of the silver price.

For 2021, the Group's exposed tonnage of aluminum is around 72 kilotons (2020: 89 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 3 million Euro on a yearly basis (2020: 4.3 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 1.8 million Euro on a yearly basis (2020: 2 million Euro).
Both analyses have been carried out on the budgeted exposed volume for the year 2021 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.
By year-end 2021, the Offset Solutions division had updated a majority of its contracts for printing plates with quarterly price adjustment clauses, hence reducing drastically the exposure to aluminum.

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		TOTAL
	Currency risk	Commodity risk	
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**
Other comprehensive income at January 1, 2021	**2**	**4**	**7**
Effective portion of changes in fair value booked in OCI	(3)	7	**4**
Changes in fair value of cash flow hedges reclassified to turnover	(1)	-	**(1)**
Adjustments for amounts transferred to initial carrying amount of inventory	-	(13)	**(13)**
Income taxes	1	1	**2**
Other comprehensive income at December 31, 2021	**(2)**	**-**	**(2)**

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, 2021. 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	2020	2021
Financial assets at fair value through OCI			
Equity instruments	30.2	5	7
Financial assets at fair value through profit or loss			
Derivatives not part of a hedging relationship – assets	25	3	1
Financial assets at amortized cost and contract assets			
Trade receivables	22.2	312	319
Contract assets	8.3	64	76
Receivables under finance lease	31	96	100
Other receivables	33	9	4
Other investments and loans measured at cost	30.2	11	4
Cash	34	585	398
TOTAL		**1,085**	**909**

At December 31, 2021 and 2020, the exposure to credit risk for trade receivables, contract assets and lease receivables by geographic region was as follows:

MILLION EURO	2020 Trade receivables	2020 Contract assets	2020 Lease receivables	2021 Trade receivables	2021 Contract assets	2021 Lease receivables
Europe	136	24	71	135	25	73
NAFTA	47	33	25	47	44	26
Latin America	23	5	-	27	6	-
Asia/Oceania/ Africa	105	2	-	110	2	-
TOTAL	**312**	**64**	**96**	**319**	**76**	**100**

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.

The ageing of trade receivables and receivables under finance lease at the reporting date was:

MILLION EURO	2020 Gross value	2020 Impairment loss	2020 Net	2021 Gross value	2021 Impairment loss	2021 Net
Trade receivables						
Not past due	266	(3)	263	288	(3)	284
Past due 0 - 30 days	23	-	23	9	-	9
Past due 31 - 90 days	15	-	14	19	-	19
Past due 91 - 180 days	5	(1)	4	4	-	3
Past due 181 - 360 days	11	(7)	3	6	(6)	-
Past due more than 360 days	34	(30)	4	39	(34)	5
TOTAL TRADE RECEIVABLES	**354**	**(43)**	**312**	**365**	**(45)**	**319**
Receivables under finance lease						
Not past due	91	-	91	99	-	99
Past due 0 - 30 days	2	-	2	1	-	1
Past due 31 - 90 days	4	-	4	-	-	-
Past due 91 - 180 days	-	-	-	-	-	-
Past due 181 - 360 days	-	-	-	-	-	-
Past due more than 360 days	1	(1)	-	1	(2)	-
TOTAL RECEIVABLES UNDER FINANCE LEASES	**98**	**(2)**	**96**	**102**	**(2)**	**100**

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 following table provides information about the exposure to credit risk for trade receivables from individual customers at December 31, 2021:

MILLION EURO	Weighted average loss rate	Gross carrying amount	Loss allowance
Not past due	1.14%	288	(3)
Past due 0 - 30 days	4.48%	9	-
Past due 31 - 90 days	1.99%	19	-
Past due 91 - 180 days	12.27%	4	-
More than 180 days	90.71%	45	(41)

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.

	2020		**2021**	
MILLION EURO	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	**51**	**1**	**45**	**1**
Additions/reversals charged to profit or loss	2	-	2	-
Deductions from allowance [1]	(5)	-	-	-
Disposals	(1)	(1)	-	-
Exchange differences	(1)	-	-	-
Balance at December 31	**45**	**1**	**47**	**-**

(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 (161 million Euro), with an A credit rating. In the course of 2021, 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 amounts to 230 million Euro with maturity date March, 2024, with a possibility of extension of the term two times with one year. 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 2021, there are no drawdowns under these lines (2020: 0 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.

2021

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)	(1)	-	-	-	-	-
EIB loan	-	-	-	-	-	-
Other loans	3	3	1	2	-	-
Lease liabilities	70	70	6	17	43	3
Bank overdrafts	-	-	-	-	-	-
Trade payables	252	252	252		-	-
Other payables	9	9	9		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(16)	(16)	-	-	-
Inflow	-	15	15	-	-	-
Other forward exchange contracts:						
Outflow	(1)	(139)	(41)	(98)	-	-
Inflow	1	140	41	99	-	-
Swap contracts designated as cash flow hedges:						
Outflow	-	-	-	-	-	-
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.

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	-	-

2021

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)	(16)	(16)	-	-	-
Inflow	-	15	15	-	-	-
Swap contracts designated as cash flow hedges:						
Outflow	-	-	-	-	-	-
Inflow	-	-	-	-	-	-

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.

In March 2021, the Group announced a share buyback program with a volume of 50 million Euro. The program allows shareholders to benefit from the sale of part of the HealthCare IT activities during 2020, and shows the Group's confidence in its ongoing transformation process. In the course of 2021, 7,312,537 shares for an amount of 29 million Euro have been purchased, and 11,344,336 shares were destructed for an amount of 111 million Euro.

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 2021 and 2020, 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 (2021: 2 million Euro, 2020: 3 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).

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	38	-	-	-	-	-	-	-	-
Other bank liabilities	38	-	-	-	-	3	-	3	3
Debenture	38	-	-	-	-	-	-	-	-
Lease liabilities	28	-	-	-	-	79	-	79 [(c)]	
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 payables.

(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 (0.2 million Euro).

(c) Fair value is not disclosed for lease liabilities in accordance with IFRS 7.

2021

MILLION EURO	Note	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
		Financial assets/liabilities: carrying amount							
Fair value hierarchy		2	2	3	1				
Assets									
Other financial assets	30	-	-	-	7	4	-	10	10
Trade receivables	22.2	-	-	-	-	319	-	319 [a]	
Receivables under finance lease	31	-	-	-	-	100	-	100 [a]	
Other receivables	33	-	-	-	-	4	-	4 [a]	
Derivative financial instruments:									
Forward contracts used for hedging		-	-	-	-	-	-	-	-
Swap contracts used for hedging		-	-	-	-	-	-	-	-
Other forward exchange contracts		-	-	-	-	-	-	-	-
Other swap contracts		-	1	-	-	-	-	1	1
Cash and cash equivalents	34	-	-	-	-	398	-	398	398
TOTAL ASSETS		**-**	**1**	**-**	**7**	**825**	**-**	**832**	**-**
Liabilities									
Loans and borrowings									
Revolving credit facility [b]	38	-	-	-	-	-	(1)	(1)	
Bank overdrafts	38	-	-	-	-	-	-	-	
Other bank liabilities	38	-	-	-	-	-	3	3	3
Lease liabilities	28	-	-	-	-	-	70	70 [c]	
Trade payables		-	-	-	-	-	252	252 [a]	
Other payables	40	-	2	-	-	-	7	9 [a]	
Derivative financial instruments:									
Forward contracts used for hedging		1	-	-	-	-	-	1	1
Swap contracts used for hedging		-	-	-	-	-	-	-	-
Other forward exchange contracts		-	1	-	-	-	-	1	1
Other swap contracts		-	-	-	-	-	-	-	-
TOTAL LIABILITIES		**1**	**3**	**-**	**-**	**-**	**331**	**335**	**-**

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 payables.

(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) Fair value is not disclosed for lease liabilities in accordance with IFRS 7.

The following table shows a reconciliation between opening and closing balance for level 3 fair values:

Balance at December 31, 2020	**-**
Gains included in finance income – net change in fair value (unrealized)	-
Amounts paid during 2021	-
Balance at December 31, 2021	**-**

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 quoted 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)**

	2021				
MILLION EURO	Financial assets at amortized cost	Derivatives	Financial liabilities carried at amortized cost	Financial liabilities at fair value	TOTAL
Interest income	5	(1)	-	-	**4**
Interest expense	-	-	(6)	-	**(6)**
Finance lease income	7	-	-	-	**7**
Impairment charges	(6)	-	-	-	**(6)**
Income from reversal of impairment losses	4	-	-	-	**4**
Change in fair value of financial instruments not part of a hedging relationship	-	1	-	-	**1**

ASSETS

27. GOODWILL AND INTANGIBLE ASSETS

		Intangible assets								
		Indefinite useful lives	Finite useful lives							
MILLION EURO	Goodwill	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	TOTAL
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**
Exchange differences	20	-	-	2	4	-	3	(1)	-	**29**
Business combinations additions	-	-	-	-	-	-	-	-	-	**-**
Business combinations divestment	-	-	-	-	-	-	-	-	-	**-**
CHP certificates and emission rights (non-cash)	-	-	-	-	-	-	-	-	-	**-**
Capital expenditures	-	-	-	-	-	-	-	1	-	**1**
Disposals and retirements	-	-	(2)	(6)	-	-	(2)	(4)	-	**(13)**
Construction in progress put into use	-	-	-	-	-	-	-	-	-	**-**
Reclasses	-	-	-	-	-	-	-	-	-	**-**
Cost at December 31, 2021	**370**	**-**	**2**	**38**	**47**	**4**	**128**	**54**	**-**	**644**
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)**
Exchange differences	(6)	-	-	(2)	(3)	-	(3)	1	-	**(13)**
Business combinations divestment	-	-	-	-	-	-	-	-	-	**-**
Amortization during the year	-	-	-	-	(4)	-	(2)	(1)	-	**(7)**
Impairment loss during the year	-	-	-	-	-	-	-	-	-	**-**
Disposals and retirements	-	-	2	6	-	-	2	2	-	**12**
Reclasses	-	-	-	-	-	-	-	-	-	**-**
Accumulated amortization and impairment losses December 31, 2021	**(90)**	**-**	**(2)**	**(38)**	**(39)**	**(4)**	**(126)**	**(52)**	**-**	**(351)**
Carrying amount December 31, 2019	**492**	**13**	**-**	**23**	**30**	**-**	**5**	**3**	**-**	**566**
Carrying amount December 31, 2020	**265**	**-**	**-**	**-**	**12**		**4**	**3**	**-**	**284**
Carrying amount December 31, 2021	**280**	**-**	**-**	**-**	**9**	**-**	**2**	**2**	**-**	**293**

In 2021, the cash relevant capital expenditures for intangible assets amount to 1 million Euro (2020: 2 million Euro) and mainly relate to software and licences.
Business combinations divestment in 2020 relate to the sale of part of HealthCare's IT business (see Note 20).

At year-end 2021, the Group does not hold intangible assets with indefinite useful lives for impairment. The Group has 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 2021. This review has not resulted in revised amortization periods for intangible assets belong to Radiology Solutions, Digital Print & Chemicals and HealthCare IT.

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 2021, 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 & Chemicals nor for Offset Solutions because Digital Print & 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, 2021, the carrying amount of the CGU Offset Solutions comprises no goodwill.

27.1.2 CGU Radiology Solutions

At December 31, 2021, the carrying amount of the CGU Radiology Solutions comprises goodwill of 66 million Euro. At year-end 2021, 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 weighted average growth rate of minus 0.19%. These growth rates are derived from respective market information.
The weighted average growth rate has increased compared to last year as the business unit of Direct Radiography solutions (DR), having a positive terminal growth rate, has gained more weight in the business plan.

Key assumptions are:
- after-tax WACC: 7.94% (2020: 7.16%);
- pre-tax discount rate: 9.67% (2020: 8.88%);
- weighted average terminal growth rate (after five years): minus 0.19% (2020: minus 3.21%);
- silver: 25 USD/Troz. (2020: 19.3 USD/Troz.);
- exchange rate USD/Euro: 1.13 (2020: 1.2);
- 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 150 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, 2021, the carrying amount of the CGU Agfa HealthCare IT comprises goodwill of 214 million Euro. At year-end 2021, 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: 7.91% (2020: 7.61%);
- pre-tax discount rate: 9.51% (2020: 9.36%);
- terminal growth rate (after five years): 1.5% for IT Solutions (2020: 1.5%);
- exchange rate USD/Euro: 1.13 (2020: 1.2);
- 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, 2021, 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 2021, the Group has no 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, 2021, the net carrying amount of the Group's acquired technology amounted to 0 million Euro (2020: 0 million Euro).

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, 2021, the net carrying amount of the Group's remaining acquired contractual customer relationships amount to 9 million Euro (2020: 12 million Euro).
The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately two 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, 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**
Exchange differences	6	14	3	1	**23**
New lease contracts	-	-	4	-	**4**
Capital expenditures	1	16	4	4	**25**
Business combinations divestment	-	-	-	-	**-**
Disposals and retirements	(13)	(27)	(19)	(2)	**(61)**
Construction in progress put into use	-	1	-	(1)	**-**
Reclasses	1	2	-	(2)	**-**
Cost at December 31, 2021	**315**	**1,412**	**139**	**14**	**1,880**
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)**
Exchange differences	(5)	(14)	(2)	-	**(21)**
Depreciation during the year	(4)	(15)	(8)	-	**(27)**
Impairment loss during the year	-	-	-	-	**(1)**
Business combinations divestment	-	-	-	-	**-**
Disposals and retirements	11	26	19	1	**57**
Reclasses	1	-	1	-	**2**
Accumulated depreciation and impairment losses December 31, 2021	**(283)**	**(1,335)**	**(126)**	**(7)**	**(1,751)**
Carrying amount December 31, 2019	**41**	**64**	**23**	**14**	**142**
Carrying amount December 31, 2020	**33**	**74**	**13**	**6**	**127**
Carrying amount December 31, 2021	**31**	**77**	**14**	**7**	**129**

In 2021, capital expenditure for property, plant and equipment amount to 25 million Euro (2020: 31 million Euro), of which 16 million Euro (2020: 18 million Euro) relates to machinery and technical equipment, mainly in Belgium and of which 4 million Euro (2020: 7 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 2021, the assets subject to operating leases have a total net carrying amount of 6 million Euro (2020: 5 million Euro) (see Note 44).

Impairment losses on PP&E amount to 2 million Euro in 2020 and related to assets that were used for the production of PV belonging to the CGU DPC.

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 sale of the closed Leeds (UK) production site (see Note 35). The sale was finalized in 2021.

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.

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 to the closing balances at December 31, 2021, 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
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**
Exchange differences	2	1	-	-	**3**
New lease contracts	4	6	1	1	**12**
Lease revaluations	8	(1)	-	-	**7**
Disposals and retirements	(3)	(6)	-	-	**(10)**
Reclasses	(3)	(2)	-	-	**(5)**
Cost at December 31, 2021	**93**	**35**	**2**	**2**	**132**
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)**
Exchange differences	3	2	-	-	**5**
Amortization during the year	(17)	(11)	(1)	-	**(28)**
Impairment loss during the year	(1)		-	-	**(1)**
Disposals and retirements	3	6	-	-	**10**
Business combinations divestment	-	-	-	-	**-**
Reclasses	-	-	-	-	**1**
Accumulated depreciation and impairment losses December 31, 2021	**(43)**	**(18)**	**(1)**	**-**	**(63)**
Carrying amount December 31, 2020	**54**	**22**	**1**	**-**	**78**
Carrying amount December 31, 2021	**49**	**17**	**1**	**1**	**68**

New lease contracts concluded during 2021 amounted to 12 million Euro (2020: 23 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 2021 amounting to 7 million Euro (2020: 2 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 2021, impairment losses amounting to 1 million Euro (2020: 1 million Euro) have been recognized on onerous lease contracts.

30. INVESTMENTS IN ASSOCIATES AND OTHER FINANCIAL ASSETS

30.1 Investments in associates

In the course of 2021, the Group established with other investment partners the company Penny Black, a start-up private limited liability company providing software and printing solutions for the e-commerce business. The Group holds an investment of 49.63% in this company. The investment in this associate is measured using the equity method. During 2021, the Group has recognized losses amounting to 0.2 million Euro in relation to its interest in this associate. The carrying amount of the investment in Penny Black amounts to 0.7 million Euro after equity pick-up.

In May 2020, the Group divested its 26.4% equity stake in the company My Personal Health Record Express Inc. (MphRx) to the Dedalus Group (see Note 20 'Disposals'). The investment in the associate was measured using the equity method.

MILLION EURO	2020	**2021**
	MPhRX (26.4 %)	Penny Black (49.63%)
Carrying amount of interests, including goodwill	-	0.7
Net loss after taxes	-	(0.3)
Group's share of net loss after taxes	**-**	***(0.2)***
Other Comprehensive Income of MphRx	-	-
Group's share of Other Comprehensive Income	**-**	**-**
Summarized financial information		
Non-current assets	-	0.4
Current assets	-	1.1
Equity	-	1.5
Current liabilities	-	-
Group's share of equity	**-**	***0.7***
Goodwill included in carrying amount of the investment	-	-
Carrying amount of investment in other affiliates	**-**	***0.7***

30.2 Financial assets

At December 2020 and 2021, 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 2021, no dividends have been received (2020: 0 million Euro).

During 2020, the financial assets at amortized cost comprised a 9 million Euro Borrower's promise, issued in relation to the sale of the Branchburg site. This promise to pay matured in July 2021 and beared an interest rate of 3.5% per annum.

MILLION EURO	2020	2021
Financial assets at fair value through OCI - Equity instruments	5	7
Financial assets at amortized cost	11	4
TOTAL	**16**	**10**

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 102 million Euro as of December 31, 2021 (2020: 98 million Euro) and will bear interest income until their maturity dates of 10 million Euro (2020: 9 million Euro).
As of December 31, 2021, the impairment losses on the receivables under finance leases amounted to 2 million Euro (2020: 2 million Euro).

The receivables under finance leases can be presented as follows:

	2020			2021		
MILLION EURO	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	34	4	31	36	4	32
Year +2	26	2	23	28	3	25
Year +3	20	2	19	22	2	21
Year +4	14	1	13	12	1	12
Year +5	6	-	6	6	-	6
Later than five years	5	-	4	4	-	3
Total minimum lease payments	**105**	**9**	**96**	**108**	**10**	**99**
Unguaranteed residual value	2	-	2	3	-	3
TOTAL	**107**	**9**	**98**	**110**	**10**	**102**
Impairment losses			(2)			(2)
Receivables under finance lease			96			100

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 Australia and Belgium.
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, 2021, the present value of the total future lease payments before impairment losses for Agfa Finance amounted to 101 million Euro (2020: 97 million Euro).

Agfa sales organization in Australia offers customer financing of graphical equipment with an average remaining term of 12 months and in Belgium, Agfa Offset BV is the lessor of offset equipment. As of December 31, 2021, the present value of the total future lease payments before impairment losses for these sales organizations are 1 million Euro (2020: 1 million Euro).

During 2021 and 2020, the Group hasn't sold any receivables under finance lease.

32. INVENTORIES

MILLION EURO	2020	2021
Raw materials and auxiliaries	56	69
Work in progress and semi-finished goods	103	100
Finished goods	28	29
Goods purchased for resale including spare parts	190	192
Inventory in transit & other inventory	11	29
TOTAL	**389**	**418**

In 2021, inventories are written down to net realizable value for an amount of 12 million Euro (2020: 12 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, 2021.

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	2020	2021
Other receivables		
Uninstalled leases (1)	5	-
Subsidies and grants	-	1
Payroll receivables	1	-
Other receivables	3	3
TOTAL	**9**	**4**

(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	2020	2021
Total cash and cash equivalents as reported in the consolidated statement of financial position	**585**	**398**
Bank overdrafts (reported under current loans and borrowings)	-	-
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**585**	**398**

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 Vallese (Italy) and one in Pont-à-Marcq (France), 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 Leeds (UK), classified as held-for-sale last year was successfully sold in 2021 with a gain amounting to 7 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	2020	2021
Non-current		
Multi year service contracts (strategic suppliers)	2	1
Prepayments (see Note 46.2 'Other related party transactions')	14	10
Total non-current	**16**	**11**
Current		
Multi year service contracts (strategic suppliers)	10	8
Advances on costs	1	-
Guarantees and deposits	4	7
Prepayments	3	3
Other	-	1
Total current	**18**	**18**
TOTAL	**33**	**29**

EQUITY AND LIABILITIES

37. EQUITY

The various components of Equity and the changes therein from January 1, 2020 to December 31, 2021 are presented in the Consolidated Statements of Changes in Equity.

37.1 Share capital and share premium

At December 31, 2021 and 2020, the issued capital of the Company amounts to 187 million Euro. The outstanding ordinary shares with voting rights amount to 160,438,653 at December 31, 2021 (2020: 167,751,190 outstanding shares).

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, 2021, the Group held 68,053 (2020: 4,099,852) of the Company's shares.

On March 10, 2021, the Group has announced a share buyback program with a volume up to 50 million Euro. The program allows shareholders to benefit from the sale of part of the HealthCare IT activities in 2020 and show the Group's confidence in its ongoing transformation process.

During 2021, the Group has purchased 7,312,537 own shares for an amount of 29 million Euro. These shares, except for 68,053 shares, were cancelled in the course of 2021 together with the formerly held own shares. In total 11,344,336 own shares were cancelled in the course of 2021 for an amount of 111 million Euro.

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, 2021, the hedging reserve comprises the effective portion of the cumulative net change in fair value of foreign exchange contracts designated as cash flow hedges.

During 2021 and 2020, 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, 2021: 0 million Euro, net of tax, December 31, 2020: 4 million Euro).

In the course of 2020, 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, 2021: -2 million Euro net of tax, December 31, 2020: 2 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

Remeasurement of the net defined benefit liability primarily relates 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 2021 is as follows:

MILLION EURO	December 31, 2020	Remeasurement of the net defined benefit liability	Tax impact	December 31, 2021
		Note 13	Note 17.4	
Remeasurement of the net defined benefit liability				
Related to material countries	(1,093)	94	(6)	(1,006)
Related to non-material countries	(29)	2	-	(27)
TOTAL	**(1,122)**	**96**	**(6)**	**(1,033)**

The movement of the year, net of tax amounts is an increase of 90 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.

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, 2021: 10 million Euro, December 31, 2020: 10 million Euro) shall be reclassified from equity to profit or loss on the disposal of the foreign operation.

37.7 Dividends

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 paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 11, 2021. For 2022, 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, 2021: 52 million Euro; December 31, 2020: 49 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, 2021: 2 million Euro; December 31, 2020: 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.

The subsidiaries of Agfa Graphics Asia Ltd. at December 31, 2021 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, 2021, 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 48 million Euro. The profit allocated to non-controlling interests of these business partners amounts to 4 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.

MILLION EURO	2020 Agfa Graphics Asia Ltd. and subsidiaries (49%)	2020 Agfa HuaGuang Graphics (73,99%)	**2021 Agfa Graphics Asia Ltd. and subsidiaries (49%)**	**2021 Agfa HuaGuang Graphics (73,99%)**
Current assets	75	45	98	49
Non-current assets	55	1	49	1
Current liabilities	35	41	47	45
Non-current liabilities	2	-	2	-
Net assets Agfa Graphics Asia Ltd. and its subsidiaries (consolidated)	**94**	**5**	**99**	**5**
Carrying amount of non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***46***	-	***48***	-
Carrying amount of non-controlling interests in Agfa HuaGuang Graphics (73.99%)	-	***3***	-	***4***
Revenue	137	117	164	132
Profit for the year	11	3	8	-
Profit allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***5***	-	***4***	-
Profit allocated to non-controlling interests in Agfa HuaGuang Graphics Asia (73.99%)	-	***2***	-	-
Other comprehensive income: translation differences	(2)	-	4	-
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%)	***3***	-	***8***	-
Total comprehensive income allocated to non-controlling interests in Agfa HuaGuang Graphics (73.99%)	-	***2***	-	-
Cash flows from operating activities	5	1	21	1
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	4	(1)	(27)	-
Dividends paid to non-controlling interests during the year[1]	-	-	***(5)***	-

(1) Included in cash flows from financing activities.

37.9 Other comprehensive income - net of tax

2020

MILLION EURO	Attributed to owners of the Company: Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	**TOTAL**	Non-controlling interests	**TOTAL OTHER COMPREHENSIVE INCOME**
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)**

2021

MILLION EURO	Attributed to owners of the Company: Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	TOTAL	Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
Exchange differences on translation of foreign operations	26	-	-	-	**26**	4	**30**
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	-	(13)	-	-	**(13)**	-	**(13)**
Net change in fair value of equity investments through OCI	-	-	2	-	**2**	-	**2**
Remeasurement of the net defined benefit liability - net of tax	-	-	-	89	**89**	-	**89**
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	**26**	**(9)**	**2**	**89**	**109**	**4**	**112**

38. LOANS AND BORROWINGS

MILLION EURO	2020	2021
Non-current liabilities	**54**	**46**
Revolving credit facility	-	(1)
Lease liabilities	54	47
Current liabilities	**29**	**27**
Liabilities to banks	3	3
Debentures	-	-
Bank overdrafts	-	-
Lease liabilities	25	24
TOTAL LOANS AND BORROWINGS	**83**	**72**

38.1 Revolving credit facility

On March 5, 2021, Agfa-Gevaert NV 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 (Reuters) and a margin. In general, drawdowns under this facility are made for short periods, but the Group has the discretion to rollover the liability under the existing committed loan facility.

At December 31, 2021, there were no drawdowns under this facility. At December 31, 2020, there were no drawdowns under the terminated credit facility.

MILLION EURO	Notional amount		Outstanding amount		Currency	Interest rate	
Maturity date	2020	**2021**	2020	**2021**		2020	**2021**
2021	270	-	-	-	EUR	-	-
2024	-	230	-	-	EUR	-	-
TOTAL	**270**	**230**	**-**	**-**			

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 49 million Euro or approximately 72% of the Group's lease liability, and has an average estimated remaining lease term of three years. Company car leases typically run for a period of four to five years and represent approximately 24% of the Group's lease liability. Other leases represent less than 4% of the Group's lease liability and include forklifts, printers, packaging systems, etc.
Lease liabilities are payable as follows:

MILLION EURO	2020		**2021**	
Maturing	Outstanding amount	Incremental borrowing rate	**Outstanding amount**	**Incremental borrowing rate**
< 1 year	25	3.2%	24	3.5%
Between 1-5 years	49	3.5%	43	3.4%
> 5 years	5	4.3%	3	4.1%
TOTAL	**79**		**71**	

Lease liabilities do not comprise costs for low value leases, short-term leases and other out of scope costs, amounting to 9 million Euro in total (2020: 10 million Euro).

38.3 Liabilities to banks

Liabilities to banks comprise at December 31, 2021, short-term facilities mainly in LATAM countries with a weighted average interest rate of 16.6% (2020: 10%).

38.4 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.

		Cash flows from financing activities		Non-cash changes					
MILLION EURO	**Balance at January 1, 2021**	Interests paid (2)	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	Reclasses between Righ-of-Use assets	**Balance at December 31, 2021**
Revolving credit facility	-	-	(1)	-	-	-	-	-	(1)
Liabilities to banks	3	(3)	-	-	-	-	3	-	3
Debentures	-	-	-	-	-	-	-	-	-
Lease liabilities	79	-	(29) (1)	12	2	7	2	(3)	70
Bank overdrafts	-	-	-	-	-	-	-	-	-
TOTAL LOANS AND BORROWINGS	**83**	**(3)**	**(29)**	**12**	**2**	**7**	**5**	**(3)**	**72**

(1) Comprises intrests paid (2 million Euro).
(2) Interests paid in cash flow statement comprises interests paid on net financial debt (3 million Euro) and interests paid and on cash and cash equivalents (1 million Euro).

39. PROVISIONS

As of December 31, 2021, provisions amounted to 54 million Euro (2020: 79 million Euro).

MILLION EURO	Environmental	Trade-related	Restructuring	Other	TOTAL
Provisions at December 31, 2020	**3**	**12**	**55**	**9**	**79**
Provisions made during the year	-	-	24	1	**24**
Provisions used during the year	-	(1)	(36)	(1)	**(39)**
Business combinations divestment	-	-	-	-	**-**
Provisions reversed during the year	-	-	(10)	-	**(11)**
Exchange differences	-	-	-	-	**1**
Transfers	-	-	-	-	**-**
Provisions at December 31, 2021	**3**	**10**	**33**	**8**	**54**

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 regarding the announced reorganization of our activities of our Computed Radiography equipment factories in Peissenberg and Peiting (Germany), and costs relating to the reorganization of the Company's ICS department and the announced partnership with Atos, a global leader in digital transformation.
Additions for this year mainly relate to the ICS reorganization, additional costs relating to the closed production sites in Leeds (UK) and Pont-à-Marcq (France) and costs relating to the closure of Ipagsa (Spain).
Reversals mainly relate to a reassessment of the reorganization costs for the factories in Peissenberg and Peiting (both 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, 2021, amounting to 9 million Euro (2020: 8 million Euro) comprise a liability mandatorily measured at fair value through profit or loss (2021: 2 million Euro, 2020: 3 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 (2021 and 2020: 1 million Euro), some interest accruals, tantièmes, accruals for COVID allowance and insurances, finance leases, liabilities against staff resulting from compensation of travel and other personal related expenses and other various amounts payable.

41. OTHER LIABILITIES

The other liabilities current and non-current at December 31, 2021, are less than 0.5 million Euro (2020: 2 million Euro: this comprised the unearned portion of government grants and subsidies and other current liabilities).

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, 2021		
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 S.A. (Arg)	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Scoresby/Australia	100
Agfa Do Brasil 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	Copenhagen/Denmark	100
Agfa HealthCare Germany GmbH	Düsseldorf/Germany	100
Agfa HealthCare Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Inc.	Mississauga/Canada	100
Agfa HealthCare India Private Ltd.	Thane/India	100
Agfa HealthCare Luxembourg S.A.	Bertrange/Luxembourg	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 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 M.A.E.B.E.	Athens/Greece	100
Agfa GmbH	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 Materials Korea Co Ltd.	Seoul/Korea	100
Agfa Ré S.A.	Luxembourg/Luxembourg	100
Agfa Offset Colombia S.A.S.	Bogota/Colombia	100
Agfa Offset BV	Mortsel/Belgium	100
Agfa Alterssicherungs-AG	Düsseldorf/Germany	100

43. EQUITY ACCOUNTED INVESTEES

Associated companies, December 31, 2021		
Name of the company	Location	Effective interest %
Penny Black BV	Antwerp/Belgium	49.63

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 contracts amounts to 12 million Euro during 2021 (2020: 9 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, 2021 amounts to 6 million Euro (December 31, 2020: 5 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	2020	2021
Bank guarantees	34	32
Other	-	-
Corporate guarantees	224	188
TOTAL	**258**	**220**

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 allegedly 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' or '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. After an unsuccessful conciliation attempt the insolvency receiver of AgfaPhoto GmbH initiated a new arbitration proceeding before the ICC International Court of Arbitration in April 2021. He pursues his claim for damages allegedly suffered as a result of the alleged undercapitalization of AgfaPhoto GmbH, in addition to the reimbursement of his costs borne in the first arbitration. An ICC tribunal with 3 arbitrators has been formed in the course of 2021. In the course of 2022, the insolvency receiver will submit his full Statement of Claim and Agfa will submit its Statement of Defense. The Group will vigorously defend itself in this 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:

	2020		**2021**	
MILLION EURO	Directors	Executive Management	**Directors**	**Executive Management**
Short-term employee benefits	0.5	7.9	0.5	3.3
Termination benefits	-	1.6	-	-
Post-employment benefits	-	0.2	-	0.2
Share-based payment	-	-	-	-
TOTAL	**0.5**	**9.7**	**0.5**	**3.5**

As of December 31, 2021, 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 15 million Euro, are reflected in the statement of financial position of the Group at December 31, 2021. Key management personnel remuneration is also included in the Remuneration Report (see pages 256-261).

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 2021, Shenzhen Brother Gao Deng Investment Group Co., Ltd. received a dividend of 5 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 2022.

	Transaction value for the year ended December 31		Balance outstanding at December 31	
MILLION EURO	2020	**2021**	2020	**2021**
Sales to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	37	26	1	8
Sales to Lucky HuaGuang Graphics Co., Ltd.	10	13	2	4
Purchases from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	75	59	6	1
Purchases from Lucky HuaGuang Graphics Co., Ltd.	104	175	31	62
Dividend	1	5	1	1
Prepayment			14	10

Prepayments with an outstanding balance of 10 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 10 million Euro is recognized as 'Other assets' (see Note 36).

47. EVENTS SUBSEQUENT TO DECEMBER 31, 2021

Business continuity in Russia
The Agfa Group's business in Russia concerns less than 2% of the Group's turnover, and the majority of that relates to healthcare. Agfa is not producing in Russia and its goods and services are not affected by the EU restrictive measures, also because our healthcare products are much needed for taking care of patients everywhere around the world.

Agfa is doing everything it can to help its staff and their families in Ukraine. The company also supports its employees in Poland who are helping Ukrainian refugees by offering their friendship, a safe place to stay and food. The company is setting up an international fund raising program among its employees. All donations to this program will be matched by Agfa.

Share buyback program
On 15 March 2022, the Agfa-Gevaert Group has announced that the 2021 Share Buyback Program announced on March 10, 2021, would be extended through March 31, 2023 (the 'Extended Share Buyback Program 2021'). This was decided at the Board of Directors' meeting held on 8 March this year.
During 2021, an amount of 29 million Euro shares has been purchased.
Under the Extended Share Buyback Program 2021, Agfa-Gevaert may, until March 31, 2023, continue to purchase treasury shares up to a total amount of 50,000,000 Euro. These share buybacks will take place under the terms and conditions approved by the Group's Extraordinary General Shareholders' Meeting of May 12, 2020.
From Januari 1, 2022 till March 18, 2022, a total amount of 1,799,155 shares for a value of 6.5 mio Euro, have been purchased which will be cancelled at the end of the first quarter of 2022.

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	2020	2021
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	**781,516**	**890,350**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	142,606	25,500
Tax	-	-
Other non-audit	-	-
SUBTOTAL	**924,122**	**915,850**
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	**716,789**	**591,911**
Fees for non-audit services rendered by the independent auditor's network to the Group (Belgian and foreign operations)		
Other attestation	48,751	25,000
Tax	40,604	48,747
Other non-audit	190,965	149,288
SUBTOTAL	**997,110**	**814,946**
TOTAL	**1,921,232**	**1,730,796**

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 as incurred.

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 or 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: remeasurement 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: remeasurement 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 c ompensation embedded in a Phantom Stock Option Plan to its CEO and key personnel members of the Group. 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 persons 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 applies the requirements of IFRS 9. This standard 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 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 Revenue, on a straight line basis over the lease term.

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.' Repurchased shares are accounted for using settlement date accounting. 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, 2021 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. These amendments will not have a material impact to the consolidated financial statements of the Group.

- **Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2: Disclosure of Accounting policies*, issued on 12 February 2021.**
  These amendments include narrow-scope amendments to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

  The amendments are effective for annual periods beginning on or after 1 January 2023 with early application permitted. These amendments have been endorsed by the European Union.

- **Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates***
  In February 2021, the IASB issued amendments to IAS 8 that clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

  The amendments are effective for annual periods beginning on or after January 1, 2023 with early application permitted. These amendments have been endorsed by the European Union.

- **Amendments to IAS *12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction***
  In May 2021, the IASB issued amendments to IAS 12 that clarifiy how companies should account for deferred tax on transactions such as leases and decommissioning obligations. IAS 12 *Income Taxes* specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

  The amendments are effective for annual periods beginning on or after January 1, 2023 with early application permitted. These amendments have been endorsed by the European Union.

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) - 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, 2021

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, 2021, 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 44 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, 2021, 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, 2021, 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 2,095 million Euro and the consolidated statement of profit or loss shows a loss for the year of 14 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 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year 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 13% 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:

- 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

from past business performance for which a deferred tax asset of 124 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:

- 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 98% of the total net defined benefit liability.

Post-employment benefits is a Key Audit Matter due to:

- The size of the balance (728 million Euro which represents 35% 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:

- 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, 2021, the Group recorded revenue amounting to 1,760 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:

- 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 the 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:
- Letter to the Shareholders
- Key Figures 2021

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 Report 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.

European Single Electronic Format (ESEF)

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter 'ESEF'), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter 'Delegated Regulation').

The Board of Directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format (hereafter 'digital consolidated financial statements') included in the annual financial report.

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the English version of the digital consolidated financial statements as per December 31, 2021, included in the annual financial report of Agfa-Gevaert NV, are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

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 8, 2022

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

H. Van Donink
Bedrijfsrevisor / Réviseur d'Entreprises

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 Share-holders 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, 2021 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		2020	2021
I. Operating income			
A.	Turnover	370	410
B.	Stocks of finished goods, work and contracts in progress (increase +,decrease -)	2	(3)
C.	Own work capitalised	20	18
D.	Other operating income	102	80
E.	Non-recurring operating income	0	1
Total operating income		**494**	**506**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	172	218
	2. Stocks (increase -, decrease +)	2	(9)
B.	Services and other goods	100	98
C.	Remuneration, social security costs and pensions	233	249
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	29	28
E.	Amounts written off stocks, contracts in progress and trade debtors (appropriations +, write-backs -)	(1)	(1)
F.	Provisions for liabilities and charges (appropriations +, uses and write-backs -)	(4)	9
G.	Other operating charges	14	15
H.	Non-recurring operating charges	1	0
Total operating charges		**546**	**607**
III.	Operating profit/Loss	(52)	(101)
IV.	Financial income	66	71
V.	Financial charges	(148)	(106)
VI.	Gain/ Loss for the period before taxes	(134)	(136)
VII.	Transfer from deferred taxes	0	0
VIII.	Income taxes	0	0
IX.	Gain/Loss of the period	(134)	(136)
X.	Transfer from untaxed reserves	0	0
XI.	Gain/Loss of the period available for appropriation	(134)	(136)
Appropriation account			
A.	Profit to be appropriated	(360)	(496)
	1. Gain (loss) of the period available for appropriation	(134)	(136)
	2. Accumulated profits (losses)	(226)	(360)
B.	Withdrawals from capital and reserves	0	0
C.	Transfer to capital and reserves	0	0
D.	Accumulated profits (losses)	(360)	(496)
F.	Profit to be distributed	0	0

FINANCIAL POSITION

MILLION EURO		December 31, 2020	December 31, 2021
Assets			
I.	Formation expenses	0	1
II.	Intangible fixed assets	20	17
III.	Tangible fixed assets	34	40
IV.	Financial fixed assets	986	796
V.	Amounts receivable after more than 1 year	5	4
VI.	Stocks and contracts in progress	104	111
VII.	Amounts receivable within one year	218	649
VIII.	Current investments	370	212
IX.	Cash at bank and in hand	112	59
X.	Deferred charges and accrued income	4	4
		1.853	1.893
Liabilities			
I.	Capital	187	187
II.	Share premium account	211	211
IV.	Reserves	416	304
V.	Accumulated profits	(360)	(496)
VI.	Investment grants	1	0
		455	206
VII.	Provisions and deferred taxes	17	26
VIII.	Amounts payable after more than one year	0	403
IX.	Amounts payable within one year	1.381	1.257
X.	Accrued charges and deferred income	0	1
		1.853	1.893

Corporate Governance Statement

The Company applies the Belgian Corporate Governance Code 2020 as reference code. This Code can be consulted on the website www.corporategovernancecommittee.be. In 2020, the Articles of Association of the Company have been conformed to the new Code of Companies and Associations (Law of March 23, 2019).

In 2020, 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 2021.

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 2021, eight effective meetings took place, as well as a couple of short discussions per conference call.

In the course of 2021, 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 share buyback program, the perspectives for 2022 and the action plans for the years to come, ESG-related topics, 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.

No mandates as a director, other than that of Mr. Christian Reinaudo, expired immediately following the General Meeting of Shareholders of May 11, 2021. It had been proposed to the shareholders to reappoint Mr. Christian Reinaudo as non-executive director of the Company for a four-year term.

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, CEO, 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 MRP Consulting BV, permanently represented by Mr. Mark Pensaert, will expire immediately following the General Meeting of Shareholders of May 10, 2022. Mrs. Hilde Laga has informed the Board of Directors that she will resign as director immediately following that General Meeting of Shareholders. At the General Meeting, it therefore will be proposed to the shareholders to reappoint MRP Consulting, permanently represented by Mr. Mark Pensaert, as independent director for a four-year term and to appoint Albert House BV, with permanent representative Mrs. Line De Decker as independent director to replace Mrs. Hilde Laga, also for a period of four (4) years. The Board is convinced that Mrs. De Decker has the right competences and qualities to become a valuable member of the Board, as it appears from the below CV.

LINE DE DECKER (°1974 - Belgian) holds a Law degree from KU Leuven University of Leuven and Barcelona, as well as a Master in Tax Management from Solvay Business School. She is to become the Chief Human Resources & Sustainability Officer and will be a member of the Executive Committee of Aliaxis, a world leader enabling access to water and energy through inventive fluid management solutions, on April 11, 2022. Prior to joining Aliaxis, she was Senior Vice President and Head Transformation Office at GSK, where she led the Future Ready initiative, a global program aimed at setting up two growth companies. During her 14 years at GSK, she held multiple senior HR roles in Belgium and the UK in the Vaccines, Pharma and Consumer business. Prior to GSK, Mrs. De Decker worked at DuPont, where she was involved in setting up their global business services. She started her career at PriceWaterhouseCoopers and UCB , as a tax and reward specialist.

Mrs. De Decker is a senior executive with over 25 years' extensive experience operating at management board level in large, complex regulated organizations. She combines her excellent communication, influencing and change management skills, with an exceptional track record of leading businesses through critical transformational change programs.

Mrs. De Decker is a Non-Executive Director on the Board of the London Ambulance Service, NHS Trust.

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

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. During his Alcatel period, he managed several multibillion Euro global businesses and international sales and services organizations, including the Cable Group of Alcatel (now Nexans), the Submarine Networks Division and the whole Optics Group. He enters the Executive Committee of Alcatel in early 2000 as Executive Vice-President. After managing the AsiaPacific Region, he managed the integration and the transition process associated with the merger of Alcatel and Lucent Technologies. 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 Holding NV (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 S.à r.l. (AOC). Throughout his career, he focused on identifying investment opportunities, structuring of investments and process-driven value creation.

Klaus Röhrig joined the Agfa-Gevaert Board of Directors in November 2018. From May 2019 until August 2020, he was Chairman of the Board of Directors.

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 2021. Amongst other items the following topics were discussed: the verification of the annual accounts 2020, the quarterly results of 2021, the reappointment of the Statutory Auditor, the reports of the internal audit department, the follow-up of important legal issues such as the AgfaPhoto file, QARA (Quality Assurance & Regulatory Affairs) 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 remuneration 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 NRC had four meetings in 2021 and the following agenda items, among others, were discussed: the composition of the Board of Directors and its Committees, identification of critical roles and their succession planning, the remuneration policy, the performance and remuneration of the Executive Management and Senior Executives and the preparation 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	8/8		4/4
Ms. Helen Routh	8/8	5/5	
Mr. Pascal Juéry	5/5		
Mrs. Hilde Laga	7/8		3/4
Mr. Mark Pensaert	8/8	5/5	
Mr. Klaus Röhrig	8/8	5/5	

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.

Since September 2021, date on which Gunther Koch joined the Exco, the Exco is composed as follows:

- Mr. Dirk De Man, Chief Financial Officer;
- Mr. Luc Delagaye, President Agfa Offset Solutions;
- Mr. Vincent Wille, President Agfa Digital Print & Chemicals;
- Mr. Gunther Koch, Chief Human Resources Officer.

Gunther Koch (°1971, Belgian) is a commercial engineer who graduated from the Solvay Business School. He began his career at PWC as a financial auditor, then joined Proximus as a project consultant before moving to Sabena in order to work on the transition to Brussels Airlines. For the past 18 years, Gunther has held various HR responsibilities for GlaxoSmithKline where he was senior VP HR for the GSK global vaccines division for the last 10 years. In September 2021, Gunther Koch joined the Agfa-Gevaert Group as Chief Human Resources Officer and member of the Executive Committee.

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 comprized in 2021 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 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 2021, 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 2021, 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, e.g. 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. These risks are particularly relevant to maintain our leading market position and hence secure the long term success of the Group. To address these challenges and to ensure a competitive offer to our customers, Agfa keeps upgrading its technological offer, investing in Research and Development for continuous innovation and in market analysis for a relevant view of its competitors' offer. Decisions regarding these aspects are normally made at divisional level, since each division management team is the best placed to assess the evolution of competition landscape and trends development.

Cost of raw materials

Agfa relies on other companies to supply certain key raw materials. The most important of these, in terms of volume and price fluctuation, 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. 2021 has been a particularly challenging year in this regard as raw material cost inflation was particularly steep. To address these challenges Agfa has announced a series of price increases throughout the fiscal year 2021.

Product liability

The activities of the Group may expose Agfa to product liability claims as it needs to comply with regulatory systems in many different countries and in a broad range of market segments, each with its own regulatory requirements. To mitigate product liability risks, Agfa has implemented a strict product stewardship and quality policy, which is complemented by continuous monitoring legislation development and structured controls. The Group has concluded a combined liability insurance policy covering all activities of Agfa. 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 invested to comply with applicable standards. Provision is also made for current and reasonably foreseeable compliance and remediation costs.
Agfa has developed strict policies at each site to prevent the likelihood of these risks to materialize and the risk assessment with regard to the environmental aspects must be updated at least annually by the responsible departments.
In addition to our efforts to limit our operations impacts on the planet, as previously discussed in the dedicated section of this report, Agfa has assessed and is monitoring possible adverse effect of climate change to its operations in order to be able to initiate adequate response in case of a major event impacting Agfa's operations and its customers. Among other long(er) term impacts, climate change causes extreme natural events that could impact the continuity of operations for our sites or in our supply chain. Firstly, our global distribution and diverse site locations reduce our exposure to physical risks. In 2021 Agfa carried out an assessment of its potential exposure to natural disaster, i.e. earthquake, volcanoes eruption, cyclones, tornado, flood, lightning, tropical storm, tsunami and thermal anomalies. The assessment interested 322 locations (own manufacturing sites, owned or rented warehouse and stocks at customer locations) distributed across 37 countries and six continents. From this analysis it resulted that the exposure for our direct operations is relatively low.

Social and personnel issues

Among social and personnel related risks, the failure to attract the relevant talents and the potential to lose key management and personnel are key to enable Agfa to fulfill its strategic ambition, build further expertise and, above all, manage the other risks faced as an organization. In 2021, the continued COVID-19 crisis severely affected our people and society at large. We continued taking precautionary measures to ensure safety of our teams. In any case where the pandemic had an impact on retaining personnel, decisions have been made liaising with unions representatives and in full transparency with the relevant stakeholders. We also work to ensure we can offer a remuneration package in line with the market and the possibility to grow and develop within the organization as way to retain talents as long as possible. More details on the concrete policies in place are listed in the 'People' chapter of the annual report.

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. 209 of the financial statements.

Miscellanea

In addition to the risks listed above, there are a series of other risks that are to be taken into account as they could have a negative impact on the Company and its activities. Examples are risks concerning:
- continuity of production;
- cybersecurity risks;
- extraordinary impairment of assets;
- corruption and bribery;
- pension obligations;
- changes in currency exchange rates and acquisitions.

In addition to the risks described in this chapter, failure to fulfill our obligations towards authorities and stakeholders for any of the points described could result in a reputational damage that could hinder the future of the Group. While it is difficult to estimate the impact of such damage, as it would widely depend on the type of issue occurred, we make all possible efforts to prevent this by setting in place clear end effective governance to run all our operations.

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 2021, 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.

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 & inclusion

See p. 63 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 11, 2021. 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, 2021 and information on circumstances that could significantly impact the development of the Group

See Note 47 p. 211.

Information on the R&D activities

See p. 6-7 and p. 86-88.

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. 16 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 of May 10, 2022. It will be proposed to the shareholders to reappoint KPMG Bedrijfsrevisoren, represented by Mr. Frederic Poesen, as Statutory Auditor for a three-year term.

Information with regard to important participations

See p. 271.

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 22, 2022, 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 December 28, 2021);
- 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 report, 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 2021 and the following agenda items, among others, were discussed: the composition of the Board of Directors and its Committees, identification of critical roles and their succession planning, the remuneration policy, the performance and remuneration of the Executive Management and Senior Executives and the preparation of the Remuneration Report.

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 have been several changes in the Executive Management team in 2021. Messrs. Vincent Wille (President Agfa Digital Print & Chemicals) and Gunther Koch (Chief Human Resources Officer) acceded the Executive Committee, respectively on May 1 and September 1.

Remuneration results for the year 2021

Remuneration policy

The new remuneration policy, approved by the shareholders at the Annual Meeting held on May 11, 2021, is available on the Company's website: www.agfa.com/investor-relations. This remuneration policy 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 2021 and varies according to the number of meetings attended. The remuneration of the Chairman of the Board is an all-inclusive fee.

Further details on the remuneration for fiscal year 2021 are provided later in this remuneration report.

Remuneration of the members of the Executive Management

The remuneration package of the members of the Executive Management consists of (i) a base salary, (ii) benefits, (iii) short and long-term variable remuneration and (iv) pension-related benefits. These various components are described in more detail in the Company's remuneration policy.

The impact of the Global Bonus Plan on the remuneration of the Executive Committee in the year 2021 is further specified in this Remuneration Report.

Dialogue with Shareholders

The Annual Meeting held on May 11, 2021, approved the previous remuneration report with 57.4% of the votes. When drafting and revising its remuneration policy, Agfa-Gevaert takes into account the votes and suggestions of its shareholders. In 2021, for example, no special compensation was awarded to members of the Executive Management because of the realization of exceptional projects. There was only a final payment in the context of commitments made in previous years. Agfa-Gevaert invites its shareholders to an open and transparent communication on its remuneration policy and other Corporate Governance aspects.

Remuneration policy 2021 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 2021. 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 submitted for approval to the Annual Meeting held in 2021 builds on the approach taken in the contractual arrangements with Mr. Juéry. This new policy was further rolled out as new members joined 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). Since 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. For 2021, all new members who joined the Executive Committee had a short term cash component of 50% of their base salary based on achieving targets of no more than one year and a long term component through SARs. The other members of the Executive Committee had a short term cash component of 50% of their base salary of which 50% is paid on the basis of achieving targets of no more than one year and 50% is deferred in year two and three 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 2021

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.

	Fixed remuneration			Variable remuneration						
EURO	Board Fee	Committee Fee	Other benefits	One-yearvariable	Multi-yearvariable	Extraodinary items	Pension	Total remuneration	Proportion of fixed and remuneration	
Frank Aranzana (1)	180,000	0	0	0	0	0	0	180,000		
Pascal Juéry (2)	0	0	0	0	0	0	0	0		
Mark Pensaert (3)	52,500	25,000	0	0	0	0	0	77,500		
Christian Reinaudo (4)	52,500	17,500	0	0	0	0	0	70,000		
Klaus Röhrig (5)	52,500	12,500	0	0	0	0	0	65,000		
Helen Routh (6)	52,500	12,500	0	0	0	0	0	65,000		
Hilde Laga (7)	50,000	7,500	0	0	0	0	0	57,500		
TOTAL	**440,000**	**75,000**	**0**	**0**	**0**	**0**	**0**	**515,000**	Variable:	0.00%

(1) Chairman of the Board and member of the NRC. Permanent representative of Vantage Consulting SRL.
(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 NRC. 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 NRC.

CEO

Table 2 - CEO compensation

EURO	Fixed remuneration: Base remuneration	Fixed remuneration: Fees	Fixed remuneration: Other benefits	Variable remuneration: One-year variable	Variable remuneration: Multi-year variable	Extraodinary items	Pension	Total remuneration	Proportion of fixed and variable remuneration (*)	
Pascal Juéry [1] - CEO	750,000	0	0	429,000	0	0	0	1,179,000	Fixed:	63.61%
TOTAL	**750,000**	**0**	**0**	**429,000**	**0**	**0**	**0**	**1,179,000**	Variable:	36.39%

(1) Executive director (CEO as from February 1st, 2020). Permanent representative of PJY Management BV.

Executive Comittee

Table 3 - Aggregated remuneration of the members of the Executive Committee in 2021

EURO	Fixed remuneration: Base remuneration	Fixed remuneration: Fees	Fixed remuneration: Other benefits	Variable remuneration: One-year variable	Variable remuneration: Multi-year variable	Extraodinary items	Pension	Total remuneration	Proportion of fixed and variable remuneration (*)	
Executive Committee	1,023,516	136,800	47,653	546,205	0	392,675	201,760	2,348,609	Fixed:	72.07%
TOTAL	**1,023,516**	**136,800**	**47,653**	**546,205**	**0**	**392,675**	**201,760**	**2,348,609**	Variable:	27.93%

(*) 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):

In the column 'Extraordinary items' the final tranche of the exceptional bonus to members of the Executive Management related to the sale of part of the Agfa HealthCare business to Dedalus was paid out.

This exceptional item has not been taken into account for the calculation of the proportion of fixed and variable remuneration.

Share-based compensation

Next to Mr. Pascal Juéry, all new members who joined the Executive Committee in 2021 are entitled to receive stock-based compensation as long-term variable compensation.

Table 4 - Remuneration in share related plans

EURO	Specification of the plan	Main conditions of the share option plan					Information regarding the reported financial year			
		Award date	Vesting date	End of retention period	Exercise period	Strike price	Share options 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	Share options awarded and unvested
Pascal Juéry [1]	SAR 2020	1/02/2020	1/02/2021	2/1/2023	1/02/2023	4.75	-	a) 200,000	a) 0	200,000
	SAR 2020		1/02/2022		unlimited			b) 405,935	b) 0	
	SAR 2020		1/02/2023						c) 0	
	SAR 2021	9/03/2021	9/03/2022	9/03/2024	9/03/2024 - 9/03/2029	3.78	200,000	a) 200,000	a) 66,667	200,000
	SAR 2021		9/03/2023		9/03/2024 - 9/03/2029			b) 334,000	b) 98,900	
	SAR 2021		9/03/2024		9/03/2024 - 9/03/2029				c) 0	
									d) 0	
Executive Committee	SAR 2021	9/03/2021	9/03/2022	9/03/2024	9/03/2024 - 9/03/2029	3.78	-	a) 90,000	a) 0	90,000
	SAR 2021		9/03/2023		9/03/2024 - 9/03/2029			b) 150,300	b) 0	
	SAR 2021		9/03/2024		9/03/2024 - 9/03/2029				c) 0	
									d) 0	
TOTAL										

(1) Executive director (CEO). Permanent representative of PJY Management BV.

Severance payments

No severance payments were made to members of the Executive Management in 2021.

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 the 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 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 worldwide.

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
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
Remuneration of Directors and Executive Committee						
Frank Aranzana (1)				141%	38%	
Pascal Juéry (2)						
Mark Pensaert (3)			-7%	8%	3%	
Christian Reinaudo (4)	0%	0%	-10%	27%	17%	
Klaus Röhrig (5)				-30%	-42%	
Helen Routh (6)				16%	0%	
Hilde Laga (7)	0%	12%	-10%	-9%	0%	
CEO *(excl. Agfa-Gevaert NV director fee)*	-15%	10%	3%	-50%	48%	
Executive Committee	-17%	14%	1%	-43%	21%	
Company Performance						
Financial metric A: revenue	-4%	-10%	-10%	-13%	3%	
Financial metric B: EBITDA	-16%	-18%	-16%	-35%	5%	
Financial metric C: Net profit	-44%	-133%	-220%	1,394%	-102%	
Non-financial metric C						
Average Remuneration of employees, on a full-time equivalent base						
Employees of the Company				71,885 Euro	74,994 Euro	
Employees of the Group				61,070 Euro	62,836 Euro	
Ratio highest/lowest remuneration				22.5	28.7	

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(7) 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. 255 Corporate Governance Charter 1.1 on www.agfa.com
	102-2	Activities, brands, products, and services	Annual report p. 10-11 Annual report p. 96-129
	102-3	Location of headquarters	Annual report p. 12-13
	102-4	Location of operations	Annual report p. 10-13
	102-5	Ownership and legal form	Annual report p. 255 Annual report p. 271
	102-6	Markets served	Annual report p. 10-13 Annual report p. 96-130
	102-7	Scale of the organization	Annual report p. 9 Annual report p. 207-208
	102-8	Information on employees and other workers	Annual report p. 52-75
	102-9	Supply chain	Agfa Supplier Code of Conduct on www.agfa.com
	102-10	Significant changes to the organization and its supply chain	n.a.
	102-11	Precautionary Principle or approach	Annual report p. 23, 79-85
	102-12	External initiatives	REACH, ISO
	102-13	Membership of associations	Annual report p. 25
Strategy	102-14	Statement from senior decision-maker	Annual report p. 4-8
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. 244-255 Corporate Governance Charter on www.agfa.com
	102-32	Highest governance body's role in sustainability reporting	Annual report p. 21
Stakeholder engagement	102-40	List of stakeholder groups	Annual report p. 23
	102-41	Collective bargaining agreements	Annual report p. 75
	102-42	Identifying and selecting stakeholders	Annual report p. 23
	102-43	Approach to stakeholder engagement	Annual report p. 24
	102-44	Key topics and concerns raised	Annual report p. 23-26
Reporting practice	102-45	Entities included in the consolidated financial statements	Annual report p. 207-208
	102-46	Defining report content and topic	Annual report p. 17-27
	102-47	List of material topics	Annual report p. 20
	102-48	Restatements of information	n.a.
	102-49	Changes in reporting	Annual report p. 139
	102-50	Reporting period	January 1, 2021 - December 31, 2021
	102-51	Date of most recent report	April 2021
	102-52	Reporting cycle	Yearly
	102-53	Contact point for questions regarding the report	Investor Relations see Annual Report p. 271
	102-54	Claims of reporting in accordance with the GRI Standards	Annual Report p. 27
	102-55	GRI content index	Annual report p. 262
	102-56	External assurance	Annual report p. 235-240

(*) not applicable

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

EU Taxonomy

The Regulation (EU) 2020/852, i.e. the EU Taxonomy Regulation, entered into force in July 2020. It sets out a disclosure obligation for entities in scope. The Agfa Group falls in scope of the Regulation as a 'non-financial undertakings' and it is subject to the reporting requirements as they apply to this category. As of 2023 non-financial undertakings should disclose the proportion of their turnover derived from products or services associated with Taxonomy-aligned economic activities and the proportion of their capital expenditure and operating expenditure related to assets or processes associated with Taxonomy-aligned economic activities. These disclosures should be related to the same fiscal year that is considered for the rest of the report. In 2022, first reporting year of application of the Regulation, non-financial undertakings should disclose only the above mentioned financial KPIs for Taxonomy-eligible activities, i.e. without the full assessment of the alignment of eligible activities versus the Technical Screening Criteria.

In 2021, we started implementing the Regulation by performing a first screening of our operations to identify taxonomy eligible activities. The screening has been done both by using the NACE codes listed in the Regulation and also on the basis of the activities descriptions.

As a result of this screening, we identified the following turnover generating activities as taxonomy eligible:

- Manufacture of plastics in primary forms;
- Secondary aluminum recycling;
- Data processing, hosting and related activities (IT services and Technology Information).

We also identified a list of activities potentially classified as 'enabling', e.g. the construction of our solar park or the production of heat/cool using waste heat (Warmtenet project).

We could not finalize the analysis of the associated financial KPIs due to the difficulty of linking our transaction to NACE codes rather than to the Group divisions. These values are, hence, not reported. We are assessing how to best address this barrier in order to provide the requested figures as of the next reporting year.

Regarding the compliance with minimum safeguards, we consider this already part of our DNA and way of operating. This report addresses in different sections our core values and the processes implemented to roll them out. For further details we refer to our Group Code of Conduct and to the chapters throughout this report.

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 materials/polymers
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

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.

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.

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.

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.

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 2017-2021

MILLION EURO	2017	2018	2019 Re-presented	2020	2021
Revenue	**2,443**	**2,191**	**1,975**	**1,709**	**1,760**
Cost of sales	(1,629)	(1,489)	(1,387)	(1,215)	(1,263)
Gross profit	**814**	**701**	**589**	**494**	**497**
Selling expenses	(336)	(306)	(271)	(223)	(231)
Administrative expenses	(169)	(172)	(157)	(144)	(155)
Research and development expenses	(144)	(141)	(103)	(95)	(95)
Net impairment loss on trade and other receivables, including contract assets	(2)	(5)	(5)	(2)	(2)
Other operating income	68	56	41	39	41
Other operating expenses	(93)	(73)	(127)	(122)	(47)
Results from operating activities	**138**	**62**	**(34)**	**(52)**	**9**
Interest income (expense) - net	**(7)**	**(8)**	**(8)**	**(4)**	**(1)**
Other finance income (expense) - net	**(32)**	**(31)**	**(28)**	**(26)**	**(6)**
Net finance costs	**(39)**	**(39)**	**(36)**	**(31)**	**(8)**
Share of profit of associates - net of tax	(1)	(1)	-	-	-
Profit (loss) before income taxes	**98**	**22**	**(70)**	**(83)**	**1**
Income tax expense	(53)	(34)	(14)	(15)	(15)
Profit (loss) from continuing operations	**45**	**(12)**	**(84)**	**(98)**	**(14)**
Profit (loss) from discontinued operations - net of tax	**-**	**(3)**	**36**	**719**	**-**
Profit (loss) for the period	**45**	**(15)**	**(48)**	**621**	**(14)**
Profit (loss) attributable to:					
Owners of the Company	37	(24)	(53)	613	(17)
Non-controlling interests	8	9	5	7	4
Earnings per share (Euro)					
Basic earnings per share (Euro)	0.22	(0.14)	(0.32)	3.66	(0.11)
Diluted earnings per share (Euro)	0.22	(0.14)	(0.32)	3.66	(0.11)

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 2017-2021 on p. 269.
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 2017-2021

MILLION EURO	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021
ASSETS					
Non-current assets	**985**	**1,019**	**1,060**	**714**	**756**
Intangible assets and goodwill	589	615	566	284	293
Property, plant and equipment	190	174	142	127	129
Right-of-use assets	-	-	110	78	68
Investments in associates	5	4	4	-	1
Other financial assets	11	9	8	7	8
Assets related to post-employment benefits	-	-	-	-	40
Trade receivables	14	16	21	15	12
Receivables under finance lease	55	62	62	68	70
Other assets	6	24	24	16	11
Deferred tax assets	115	114	125	120	124
Current assets	**1,248**	**1,348**	**1,234**	**1,490**	**1,339**
Inventories	487	498	436	389	418
Trade receivables	503	420	408	297	307
Contract assets	-	105	100	64	76
Current income tax assets	63	71	75	63	63
Other tax receivables	23	25	25	15	19
Other financial assets	-	-	-	9	2
Receivables under finance lease	30	30	34	29	30
Other receivables	14	14	15	9	4
Other current assets	44	34	21	18	18
Derivative financial instruments	16	1	1	9	1
Cash and cash equivalents	68	141	107	585	398
Non-current assets held for sale	-	10	10	4	3
TOTAL ASSETS	**2,233**	**2,367**	**2,294**	**2,204**	**2,095**
EQUITY AND LIABILITIES					
Total equity	**307**	**290**	**130**	**620**	**685**
Equity attributable to owners of the Company	**275**	**252**	**83**	**570**	**632**
Share capital	187	187	187	187	187
Share premium	210	210	210	210	210
Retained earnings	878	854	803	1,412	1,284
Other reserves	(69)	(93)	(84)	(76)	(1)
Translation reserve	(8)	(9)	(5)	(42)	(15)
Post-employment benefits: remeasurement of the net defined benfit liability	(923)	(897)	(1,028)	(1,122)	(1,033)
Non-controlling interests	**32**	**38**	**47**	**51**	**54**
Non-current liabilities	**1,241**	**1,336**	**1,402**	**1,046**	**812**
Liabilities for post-employment and long-term termination benefit plans	1,149	1,066	1,137	956	735
Other employee benefits	13	13	12	13	11
Loans and borrowings	47	219	225	54	46
Provisions	5	9	5	16	12
Deferred tax liabilities	21	22	19	4	6
Trade payables	4	2	2	-	-
Contract liabilities	-	3	1	2	1
Other non-current liabilities	2	2	1	1	-
Current liabilities	**685**	**740**	**761**	**538**	**597**
Loans and borrowings	39	66	101	29	27
Provisions	66	52	45	63	42
Trade payables	220	217	232	198	252
Contract liabilities	-	163	151	103	111
Deferred revenue and advance payments	128	-	-	-	-
Current income tax liabilities	53	47	49	23	28
Other tax liabilities	34	27	38	24	28
Other payables	12	17	9	8	9
Employee benefits	128	134	130	88	99
Other current liabilities	3	4	1	1	-
Derivative financial instruments	2	13	5	2	2
TOTAL EQUITY AND LIABILITIES	**2,233**	**2,367**	**2,294**	**2,204**	**2,095**

CONSOLIDATED STATEMENT OF CASH FLOWS 2018-2021

MILLION EURO	2018	2019	2020	2021
Profit (loss) for the period	**(15)**	**(48)**	**621**	**(14)**
Income taxes	34	28	8	15
Share of (profits)/loss of associates, net of tax	1	1	-	0
Net finance costs	39	38	31	8
Operating result	**59**	**19**	**660**	**9**
Depreciation, amortization and impairment losses	**60**	**171**	**70**	**63**
Other non-cash expenses	**168**	**159**	**(526)**	**114**
Change in inventories	(57)	50	25	(48)
Change in trade receivables	(8)	4	50	6
Change in contract assets	4	7	(10)	(8)
Change in trade working capital assets (2)	**(61)**	**62**	**64**	**(50)**
Change in trade payables	(4)	19	2	38
Change in deferred revenue and advance payments	-	-	-	-
Change in contract liabilities	25	(13)	23	3
Changes in trade working capital liabilities (2)	**21**	**6**	**25**	**41**
Changes in trade working capital	**(40)**	**68**	**89**	**(10)**
Cash out for employee benefits	(209)	(226)	(403)	(273)
Cash out for provisions	(25)	(36)	(37)	(39)
Changes in lease portfolio	(11)	(9)	(3)	(1)
Changes in other working capital	(29)	18	15	17
Cash settled operating deriviatives	13	(16)	(3)	12
Cash generated from operating activities	**(14)**	**147**	**(136)**	**(108)**
Income taxes paid	(30)	(24)	(17)	(8)
Net cash from / (used in) operating activities	**(44)**	**123**	**(153)**	**(116)**
Capital expenditure	(40)	(38)	(33)	(26)
Proceeds from sale of intangible assets and PP&E	5	7	9	12
Acquisition of associates and subsidiaries, net of cash acquired	(25)	(16)	(1)	(1)
Disposal of discontinued operations	-	16	915	-
Proceeds from sale of other investments and non-current assets held for sale	-	1	-	9
Interests received	3	3	2	4
Net cash from / (used in) investing activities	**(57)**	**(28)**	**892**	**(2)**
Interests paid	(15)	(15)	(7)	(4)
Dividends paid to non-controlling interests	(3)	-	-	(5)
Purchase of treasury shares	-	-	-	(29)
Proceeds from borrowings	227	127	59	2
Repayment of borrowings	(34)	(201)	(259)	(3)
Payment of finance leases	(1)	(42)	(34)	(29)
Proceeds/(payment) of derivatives	(1)	3	(9)	(2)
Other financing income/(costs) received/paid	-	(3)	-	4
Net cash from (used in) financing activities	**175**	**(131)**	**(249)**	**(67)**
Net increase / (decrease) in cash & cash equivalents	**74**	**(36)**	**490**	**(185)**
Cash & cash equivalents at the start of the period	**67 (3)**	**136**	**99**	**585**
Net increase/(decrease) in cash & cash equivalents	74	(36)	490	(185)
Gain/losses (in marketable securities)	-	-	(1)	(1)
Effect of exchange rate fluctuations on cash held	(5)	(1)	(3)	(1)
Cash & cash equivalents at the end of the period	**136 (3)**	**99**	**585**	**398**

(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 issued on December 31, 2021	160,506,706
Own shares on December 31, 2021	68,053
Number of outstanding ordinary shares with voting rights on December 31, 2021	160,438,653
Market capitalization on December 31, 2021	608 million Euro

Shareholder structure (March 23, 2022)

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 S.à r.l. with between 15% and 20% of the outstanding stock as from November 17, 2020;
Axxion S.A. with between 5% and 10% of the outstanding stock as from July 2, 2021;
Norges Bank with between 3% and 5% of the outstanding stock (voting rights and voting rights on loan) as from September 21, 2021;
LLB Fund Services AG with between 3% and 5% of the outstanding stock as from July 1, 2020.

Euro	2017	2018	2019	2020	**2021**
Earnings per share	0.22	(0.14)	(0.32)	3.66	(0.11)
Net operating cash flow per share	0.23	(0.26)	0.88	(0.81)	(0.65)
Gross dividend	-	-	-	-	-
Year end price	3.887	3.330	4.618	3.900	3.790
Year's high	4.934	4.336	4.860	4.830	4.545
Year's low	3.601	2.914	3.214	2.900	3.485
Average volume of shares traded/day	269,123	425,481	281,280	272,995	204,607
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	160,003,570

Shareholder queries

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FINANCIAL CALENDAR 2022	
Annual General Meeting	May 10, 2022
First quarter 2022 results	May 10, 2022
Second quarter 2022 results	August 24, 2022
Third quarter 2022 results	November 9, 2022

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