AGFA-GEVAERT
ANNUAL REPORT
2019

AGFA

Agfa-Gevaert

Annual Report 2019

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Letter to the shareholders

Klaus Röhrig, Chairman of the Board of Directors

Pascal Juéry, CEO

In 2019, the Agfa-Gevaert Group was able to generate strong cash flows and all divisions but Offset Solutions delivered underlying profit growth. In the next quarters, we will focus on our actions to tackle the offset headwinds and on facilitating our growth engines to realize their full potential.

Dear Shareholder,

On these pages of the annual report we look back on the past year. This year is no different. However, we cannot look beyond the reality of today. With the outbreak of the global COVID-19 pandemic in January 2020, we have woken up to an unprecedented social and economic emergency situation that is demanding the utmost from all of us. Our first concern of course is the safety and health of our almost 10,000 people working worldwide, along with the need to ensure business continuity, especially as Agfa is a key provider to the healthcare sector. A dedicated task force, headed by the Executive Management, follows this global crisis very closely, addressing it with all possible and necessary measures to adjust our way of working according to the different national and local instructions of the government and the demand evolution in the markets we serve.

At the moment of publication of this annual report*, we know that the impact of the restriction measures to fight the pandemic will be extremely significant from Q2 onward, depending on the length and the depth of the restrictions.

Agfa is active in two main markets, the healthcare sector and the printing industry. The healthcare market is a resilient, non-cyclical one. The past months, we have been servicing the care providers in every way to help them to face the situation. The business risk for this activity is rather limited and manifests itself mainly in a postponement of project implementation. Understandable as our clients are primarily concerned with their number one task: providing care to those in need.

As for the printing industry, we can expect a significant impact on our offset commercial printing and digital printing for sign & display as these activities are directly linked with commercial action and event organization that were strongly impacted by the many lockdown measurements in different countries and regions.

2019, a year of transformation

In the past few years, we have been working hard to design the Agfa-Gevaert Group's new growth strategy. In 2018, we took the first major steps to transform our Group and to prepare our activities for future growth. The execution of the strategic transformation reached cruising speed in 2019.

Early 2019, we implemented a new organizational structure aiming at securing the future of our Company by giving the various divisions the power and the means they need to strive for profitable growth.

Since then, the new organization comprises four divisions:

- Radiology Solutions, which includes the imaging activities of the former Agfa HealthCare business group,
- HealthCare IT, which includes all IT activities of the former Agfa HealthCare business group,
- Digital Print & Chemicals, which includes the inkjet activities of the former Agfa Graphics business group as well as the activities of the former Agfa Specialty Products business group,
- Offset Solutions, which includes the prepress activities of the former Agfa Graphics business group.

Sale of part of Agfa HealthCare's IT activities

Following a careful assessment, the Board of Directors in March 2019 decided to further expand the independency of the HealthCare IT division and to study how the division could deliver added value and contribute to the future of the Company. After a thorough evaluation of the various options, early December we announced that we entered into exclusive negotiations with the Italian Dedalus Company for the takeover of part of our HealthCare IT activities. These activities consist of the Healthcare Information Solutions and Integrated Care activities, as well as the Imaging IT activities to the extent that these activities are tightly integrated into the Healthcare Information Solutions activities. This is the case mainly in the DACH region, France and Brazil. January 28, 2020, Agfa-Gevaert and Dedalus signed an agreement under which Dedalus would acquire 100% of these activities at an enterprise value of 975 million Euro, subject to regular working capital and net debt adjustments. Both parties aim to close the transaction in the course of the second quarter of 2020.

The part of Agfa HealthCare that remains with Agfa-Gevaert, is focusing on Imaging IT Solutions, continuing on its strategic track to deliver superior value to its customers, led by its flagship Enterprise Imaging platform and the IMPAX solutions. The division is focusing on the customer segments with a high IT-maturity, that target growth in patient volumes, either by extension of image intensive service

* As the printing and publication of this report is a matter of a couple of weeks, the information on the impact of COVID-19 may have significantly changed.

lines or by means of geographic expansion. A software and services business model has been rolled out, which addresses targeted customer segments in specifically selected geographies with standardized software solutions and implementations.

New strategies for all divisions

Just as for HealthCare IT, we have realized considerable achievements for the other divisions in the past year.

For the Radiology Solutions division we have developed a strategy that will allow us to increase our market share, mainly in the field of Digital Radiography. Agfa will guide its customers on their migration path to digital imaging, with its full range of radiography solutions. We must continuously innovate to improve the efficiency (productivity & workflow automation) and the effectiveness (image quality, radiation dose & decision support) of our solutions. We will do this in close collaboration with our customers in order to create the solutions of the future (products, software and services), thereby integrating technology advancements. The focus, however, will always be on the patient needs. Through innovation, we will increase the relevance of radiography in diagnostic imaging and bring intelligent and definitive answers to the patient.

For the Digital Print & Chemicals division, we continue to work on establishing synergies between the inkjet activities and the chemistry part of our organization. It is clear that this approach has resulted in a new dynamic. Building on the success of the high-end wide format range of inkjet machines and relying on its knowhow in inks, the division aims at significant growth in industrial applications, such as flooring and leather printing. In the Chemicals segment, the division is aiming at further consolidation of its position in the traditional film markets. Moreover, the division invests in a number of promising new business areas generating a profitable flow of revenues: examples of promising products are the Synaps Synthetic Paper range and the Orgacon Electronic Materials and conductive inks range.

The Offset Solutions division operates in a market that is characterized by multiple challenges, including a strong decline in demand for analog prepress technology, decreasing newspaper and commercial print volumes, price pressure caused by intense competition and high aluminum costs. The strategic alliance with Lucky was implemented: it is an industrial partnership aimed at optimizing Agfa's competitiveness, while also comprising of a common sales platform for the Chinese market. One of the main priorities of the Agfa-Gevaert Group for the next quarters is to implement a comprehensive plan to improve the profitability of the Offset Solutions division.

A new Company culture for the future

In 2019, a global project was launched to shape a new, uniform corporate culture for the new Agfa. Structure and culture are both essential elements for the success of Agfa's ambitious transformation project. In the past years, the focus of our Company – mainly because of the tough economic conditions – was on cost efficiency, debt reduction, optimizing corporate processes and the renewal of our product portfolio. This strategy will be maintained, but will be complemented by a new focus on growth. Growing in terms of performance, profitability, sustainability, customer satisfaction, innovation. This requires a different mindset for all those involved. Result-oriented, innovative, efficient and caring: those are the four key principles of the renewed corporate culture. A crucial part of Agfa's growth story is the establishment of the Innovation Office, which allowed us to embed the innovation concept into our organizational structure.
Last year, we deployed Agfa's new corporate culture project and all the different Agfa teams have taken ownership of it. By doing so, they will incorporate the new values in the DNA of the Company. As such, the new corporate culture is a driver for future success.

Sustainability

Another major element of our Company's strategy is sustainability. All over the world, the call for sustainable solutions to the climate issues is becoming increasingly louder, and rightly so. The global challenges we are facing are substantial. Governments are setting climate objectives, signing agreements and issuing guidelines. Individuals are committing themselves, are adapting their lifestyles, and are calling policy makers to account. It is clear that companies should meet the challenge and take measures to enable the realization of a sustainable society.

Agfa has a long tradition of good citizenship. While striving for profitable growth, the Company also attaches great value to the impact of its activities on the environment and the health and safety of its employees. Thanks to our sustainable solutions, Agfa can also make a difference for its customers, enabling them to realize their goals in the field of sustainable entrepreneurship. Through our innovative way of working, we want to contribute to a better future. We are convinced that it is our duty to conduct our business in a responsible, sustainable and transparent manner. The management of the Company is aware that it should further intensify its efforts in the field of Corporate Social Responsibility (CSR).

In 2019, we organized a CSR materiality workshop also including the Company's CEO and ExCo members. The outcome of the workshop and the following analysis led to a set of material topics, on which the sustainability strategy of the Company was further elaborated. We have integrated the realization of six selected SDGs in our new sustainability strategy, linking them to our material topics in three focus areas: Planet, People and Performance. You can learn more on our approach in the CSR section of this report.

Our results in 2019

In 2019, the Agfa-Gevaert Group generated strong cash flows and a dedicated program allowed it to substantially decrease the working capital. As a result, the net financial debt decreased by 38 million Euro, in spite of the implementation of pension de-risking measures. Both the Radiology Solutions division and the HealthCare IT division delivered profitable growth. Excluding the fading of the positive effects of the alliance with Siegwerk, the core businesses of the Digital Print & Chemicals division were also able to substantially improve their profitability. As a result, the Agfa-Gevaert Group recorded a gross profit increase and a stable adjusted EBITDA in spite of the deteriorated conditions in the offset markets.

We thank our stakeholders

To conclude, we thank our employees for their strong contribution to the success of our Company and to the 2019 results. Thanks to their commitment, competence and creativity, Agfa-Gevaert was able to grow again. We also wish to address a special word of thanks to former CEO Christian Reinaudo. Under his leadership, the Company was able to stabilize itself, restore its profitability and design a growth strategy for all activities of the Group.

We also sincerely thank our customers and our dealers for their confidence in our Company and for the good relationships we built together. We commit ourselves to continue to serve them with the most advanced, high-quality and reliable products and services in the future.

Of course, we also thank our shareholders for their support and their confidence. The good results of the past year clearly show that we are on the right track to turn the transformation of the Company into a success.

"We are happy to welcome Pascal Juéry as the new CEO at a decisive moment in the Group's transformation process. His previous experience in the executive management of an international Company in the middle of a transformation journey will enable him to lead Agfa-Gevaert in its fast-changing markets."

Klaus Röhrig, Chairman of the Board of Directors

"I am proud to join Agfa-Gevaert, a global leading high-tech company that has successfully repositioned itself in the digital world. I look forward to continuing the transformation process with Agfa-Gevaert's talented team and, in doing so, delivering sustainable and profitable growth."

Pascal Juéry, CEO

MILLION EURO	2015	2016	2017	2018	2019 (3)
PROFIT OR LOSS					
Revenue	**2,646**	**2,537**	**2,443**	**2,191**	**2,239**
Change vs. previous year	1.0%	(4.1)%	(3.7)%	(8.0)%	0.9%
Offset Solutions				850	843
Share of group sales				39%	38%
Digital Print & Chemicals				337	355
Share of group sales				15%	16%
Radiology Solutions				514	536
Share of group sales				24%	24%
HealthCare IT				490	505
Share of group sales				22%	22%
Gross profit	842	857	814	701	729
Results from operating activities	161	166	138	62	14
Net finance costs	(74)	(51)	(39)	(39)	(38)
Income tax expense	(16)	(35)	(53)	(34)	(28)
Profit (loss) for the period	**71**	**80**	**45**	**(15)**	**(48)**
Attributable to owners of the Company	62	70	37	(24)	(53)
Attributable to non-controlling interests	9	10	8	9	5
Restructuring/non-recurring expenses	(19)	(42)	(31)	(66)	(112)
Adjusted EBIT	180	208	169	128	126
Adjusted EBITDA	240	265	222	182	220
CASH FLOW					
Net cash from (used in) operating activities	149	142	40	(44)	123
Capital expenditures (1)	(37)	(44)	(46)	(40)	(38)
STATEMENT OF FINANCIAL POSITION - DECEMBER 31					
Equity	268	252	307	290	130
Net financial debt	58	(18)	18	144	219
Current assets minus current liabilities (2)	567	568	563	607	473
Total assets	2,402	2,352	2,233	2,367	2,294
SHARE INFORMATION (EURO)					
Earnings per share (eps)	0.37	0.42	0.22	(0.14)	0.32
Net operating cash flow per share	0.89	0.85	0.23	(0.26)	0.88
Gross dividend	0	0	0	0	0
Number of ordinary shares outstanding at year-end	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190
EMPLOYEES (AT YEAR END)					
Full time equivalent permanent (active)	10,241	10,042	9,840	9,662	9,247

(1) For intangible assets and property, plant and equipment.
(2) During 2016, the Group has consistently applied its accounting policies used in previous years, except for the presentation of trade receivables, trade payables, receivables under finance lease and other assets. As of December 31, 2016 the Group classifies these balances as non-current assets/liabilities to the extent they are due to be settled more than twelve months after the reporting period. Comparative information for the year 2015 has been restated. Furthermore the Group has changed the accounting treatment of defined contribution plans with return guaranteed by law. As a result, the net liability for post-employment benefits at December 31, 2016 has increased by four million euro, impacting other comprehensive income for the same amount. More information is provided in the notes to the Consolidated Financial Statements.
(3) The Group has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach. Under this approach, comparative information is not restated. There has been no impact to retained earnings of initially applying IFRS 16 at the date of initial application.
Figures 2018 and 2019 relate to continuing operations.

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, France, the United Kingdom, 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

Agfa's 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

Agfa HealthCare's HealthCare IT division supports care providers and assists their health professionals across departments, sites and networks to deliver quality care and make intelligent decisions for their communities and populations. The division offers hospitals and other care facilities Imaging IT solutions that manage all medical images and related data, comprehensive enterprise-wide Healthcare Information Solutions, as well as integrated care solutions. These intelligent solutions complement each other to create proven, trusted health IT ecosystems that touch every aspect of health systems. A pioneer in healthcare IT since the 1990s, Agfa HealthCare is a leading health IT company with a truly global footprint.

In January 2020, the Agfa-Gevaert Group and Dedalus signed an agreement under which the Italian company Dedalus will acquire Agfa's Healthcare Information Solutions (EPR/EMR) and Integrated Care activities (HIE/PHM) in the regions DACH, 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 three geographies. Agfa's Healthcare IT Imaging Solutions business, which includes Agfa's IMPAX and Enterprise Imaging solutions (PACS, RIS, CVIS, VNA, Viewer, etc.), in all other geographies, is not affected by this agreement.

Digital Print & Chemicals

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

Offset Solutions

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

Agfa in the world

AGFA'S MAJOR MANUFACTURING AND R&D CENTERS

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

Pascal Juéry,

CEO of the Agfa-Gevaert Group

Highlights 2019

JANUARY
Agfa and Fujitex sign an agreement for the distribution of Agfa's SYNAPS synthetic papers in Japan.

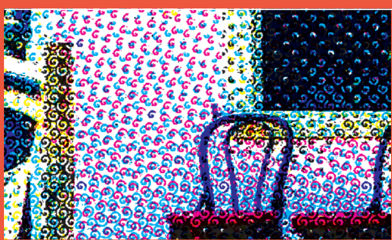
JANUARY
Together with the introduction of the new organisational structure and the start of the GROW culture change project, an Innovation Center was set up.

FEBRUARY
Agfa receives the Frost & Sullivan 2019 Global New Product Innovation Award for its DR 800 multi-purpose digital radiography system.

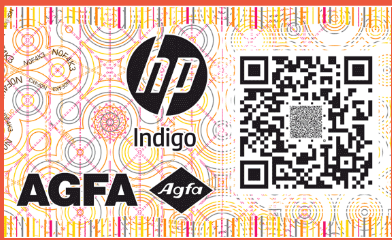
MARCH
Agfa welcomes representatives from printing companies across Europe as well as printing industry opinion leaders to an exclusive Value Conference to get inspirational ideas to grow their businesses and improve their profitability.

APRIL
MSF Logistique selects Agfa to provide 20 wireless DR Retrofit systems for mobile X-ray to reduce childhood tuberculosis in at-risk areas of the world, including Sierra Leone, Ivory Coast, Cameroon, Zambia, Uganda, Mozambique and Cambodia.

MAY
Klaus Röhrig - founder of Active Ownership Capital SARL - is appointed as Chairman of the Board of Directors of Agfa-Gevaert N.V.



JUNE
Agfa sets a new standard in heatset and coldset printing with SPIR@L, its patented screening technology that replaces traditional dots with alternative shapes to increase quality and reduce production cost.

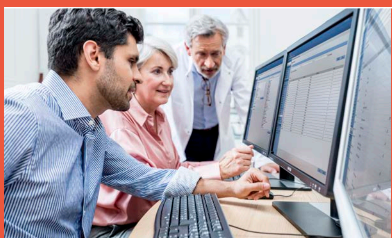


SEPTEMBER
HP Indigo and Agfa announce a unique variable design security solution for brand protection and security printing. HP Indigo Secure Studio Powered by Agfa creates unique graphic designs with endless variations.

OCTOBER
Agfa's Jeti Mira 2732 HS LM LED printing system wins the 2019 Product of the Year award from the Specialty Graphic Imaging Association in the UV/Latex Flatbed ($200,000 - $500,000) category.

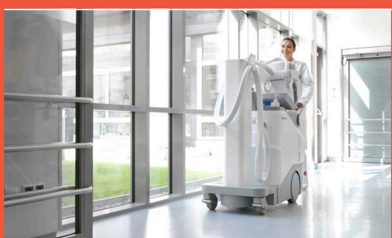
OCTOBER
Agfa and UNILIN show how the combination of water-based primers and inkjet inks delivers a breakthrough for digital production printing of laminate flooring and furniture.

OCTOBER
Agfa introduces Eclipse, a process-free printing plate for sheet-fed commercial printers that combines all the benefits of process-free technology with effortless printing.



NOVEMBER
AP-HP is installing Agfa HealthCare's ORBIS solution at the Robert Debré pediatric hospital. When the installation is finished, all 39 AP-HP hospitals will share one, unified ORBIS hospital information system.

DECEMBER
At RSNA 2019, Agfa HealthCare showcases the latest release of its Enterprise Imaging platform powered by a smart workflow engine.



DECEMBER
Agfa launches the DR 100s high-productivity, ergonomic, mobile DR imaging solution. With a customer-driven design that meets the needs of today's healthcare environments, the DR 100s delivers a new force in mobile imaging.

DECEMBER
The Agfa-Gevaert Group announces that it has entered into exclusive negotiations with Dedalus Holding S.p.A. to sell a part of its HealthCare IT business. It is expected that - upon positive conclusion of all customary negotiations - the transaction will be completed in the course of the second quarter of 2020.

Corporate Social Responsibility

Our strategic approach

Agfa has a long tradition of good citizenship. The company strives for profitable growth, but at the same time attaches great value to the impact that its activities have on the environment, to the health and safety of its employees and to the relations with all stakeholders. For many years, Agfa has been doing this voluntarily and in many cases, it goes beyond mere legal compliance. We firmly believe that it is our duty to do business in a responsible, sustainable and transparent way.

The company's management is aware that it needs to further increase its efforts in the field of Corporate Social Responsibility. The current and future global climate, health and well-being challenges should prompt us all to take action. In 2015, the United Nations adopted 17 Sustainable Development Goals (SDGs), thus creating a new global sustainable development agenda for the year 2030. They are promoted as the global goals for sustainable development and have been translated by the UN member states into their national policies. The annual report complies with the European Non-Financial reporting guidelines (converted into Belgian law of September 3, 2017).

Our previous reports took its lead from the Global Reporting Initiative (GRI) standards (core option). Agfa understands and acknowledges the GRI standards as a reference to be applied in an incremental way (see also p. 231 GRI Index table). In 2019, we took a next step in defining the necessary key performance indicators (KPI's) to measure the effectiveness of our policies with respect to the company's contribution to the environmental challenges, human rights, anti-bribery, corruption and social and personnel issues.

This year, for the first time and with external expert assistance, we proceeded to a materiality assessment process. As such, we obtained a structured understanding of where we have a social environmental and economic impact and of what is of interest to our stakeholders. This will enable us to further report on these most relevant topics.
The process consisted of an internal materiality workshop aimed at identifying the company's stakeholders, a list of sustainability aspects, their materiality towards the stakeholders and towards the organization, as well as the impact the organization has on these topics. The workshop participants included the Company's CEO and ExCo members, as well as the heads of the R&D Center, the Innovation Office, the Business Divisions, Internal Audit, Investor Relations and Corporate Communication.

The results of the workshop were benchmarked with an external analysis. The outcome of the workshop and analysis led to a set of material topics, plotted in a materiality matrix, on which the sustainability strategy of the company was further elaborated, which was also validated by the Board of Directors. The result was a selection of six United Nations Sustainable Development Goals (SDG) that can be considered material for Agfa. The selection was made based on the potential beneficial impact our activities can have in reaching these goals.

In a next step, the gaps between the existing sustainability reporting and the GRI standards were identified. In 2020, the goal is to identify relevant KPI's linked to the material topics resulting from the materiality workshop. This will be done by interviewing the different process owners and inspecting systems and documentation to identify existing internal controls, procedures and information/data related to the newly selected and existing KPI's in the social, environmental and/or economic domain.

From 2020 onwards, a governance meeting will be organized on a monthly basis with stakeholders from human resources, supply chain, purchasing, the innovation centre, the R&D centre, production and marketing. The aim of this meeting is to define the KPIs and to define objectives with regard to environmental, social and performance-related topics such as the reduction of the operational footprint, diversity and inclusion, safety and health, recycling, ...

These objectives and the further sustainability action plan will be endorsed by the Board of Directors and the Executive Management Team of Agfa-Gevaert.

In 2020, the focus will be on:

- defining KPIs and long- and medium-term objectives related to the selected material topics;
- evaluating the identified KPIs to ensure the quality and robustness of the data;
- defining the baseline for KPIs and objectives;
- communicating the management approach for the selected material topics;
- communicating the relevant theme-specific GRI standards; and
- the further evolution towards compliance with the GRI standards (core option).

Our stakeholders

The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.

Our policy

Agfa-Gevaert is a publicly listed company. As such, we interact with many stakeholders who have an interest in our activities and in the way we conduct our business. In general, stakeholder engagement at Agfa-Gevaert is based on a localized approach whereby all divisions and sites are required to identify their respective stakeholders and establish suitable ways of engaging with them.

In the past, the Company has already built strong and structured relationships with each of its stakeholders. In the future, these contacts will be structurally intensified to understand and answer their expectations. The results from this interaction will also be integrated in the strategy of the Company. This will enable us to develop the innovative, sustainable solutions our customers, our society and, by extension, our planet needs.

Our approach

As part of the internal materiality workshop, the Company has formally identified its stakeholders. From a long list of potential stakeholders a short list of key stakeholders was distilled. The stakeholders from this shortlist were plotted in a matrix along two axes. The vertical axis shows the impact or influence the Company may have on the stakeholder. The horizontal axis shows the ability of the stakeholder to impact the Company. Resulting from the plotting of the selected stakeholders, only the stakeholders which are considered key are withheld in the context of the materiality analysis resulting in six top priority target groups for Agfa-Gevaert: customers, channels (distributors), strategic (alliance) partners, executive management, employees and investors/shareholders/analysts.

The dialogue with customers, distributors and suppliers is primarily managed by the business units through direct contact with sales, service 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.

The communication with shareholders, (potential) investors and analysts, on the contrary, is being organized on a corporate level via shareholder and analyst meetings, investor events, roadshows and personal one-on-one meetings with ExCo members and the investor relations department.

Agfa-Gevaert employs almost 10,000 people around the world. There are two levels of communication with our employees. Internationally, a number of channels are available for direct high-level communication, such as the corporate intranet and infotour meetings held every quarter to clarify the company's results and strategy.

In 2020, new CEO Pascal Juéry invited the entire staff population of the Agfa-Gevaert Group to meet in smaller groups to exchange views with him. In a first wave of meetings, 65% of the target group accepted the invitation. Later this year, blue collars at the Mortsel head office and employees of the different sites worldwide will also receive an invitation.

Supplementary channels of company-wide communication include the strategy GROW blog (see also p. 52) and newsletters. In each country where it operates, Agfa enters into dialogue with employee 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.

Agfa-Gevaert is also an active participant in various industry associations through which we engage with policy makers to contribute to a better understanding of industry-related issues. These associations are also important platforms for Agfa-Gevaert to contribute to broader, industrywide action on sustainable development.

On a less formal level, members of our senior management are often called upon or volunteer to participate in public forums 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.

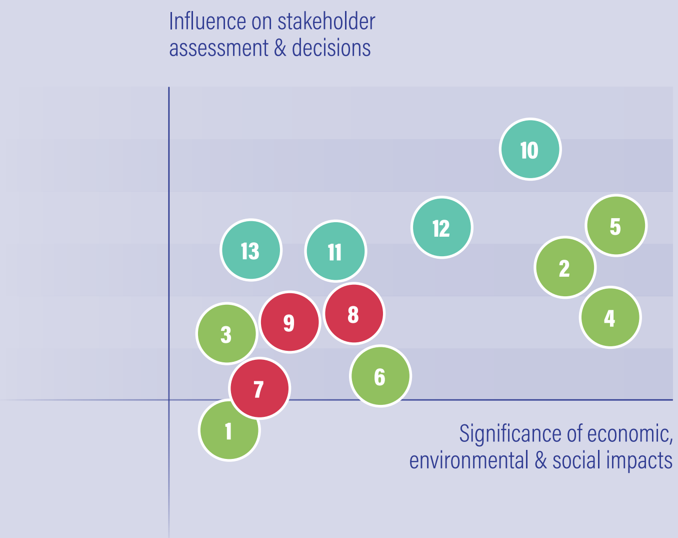
Materiality matrix 2019

The integrated materiality matrix combines the external analysis and the results of the internal materiality workshop into a single materiality matrix. This matrix provides a complete overview of the most relevant themes from both perspectives. For reporting purposes in 2019, we are focusing on the material topics in the upper right quadrant of the materiality matrix.

The combination of the horizontal axis: Significance of economic, environmental & social impacts and the vertical axis: Influence on stakeholder assessment & decisions determines the degree of economic, environmental & social impact that Agfa has on that theme. The vertical axis shows the impact or influence the theme has on the selected stakeholders and the importance the latter attach to it. The horizontal axis shows the potential (positive or negative) impact of Agfa-Gevaert on these themes in economic, ecological and social terms.

The upper quadrant comprises the 13 themes with the highest materiality for the stakeholders and the potential impact of Agfa-Gevaert. The most material topics will be formally reported, with further details in the GRI Content Index.

For each of the material topics brought forward, Agfa-Gevaert will develop a management approach in 2020.



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

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	Agfa invests in sustainable employment and wants to offer a safe, healthy and ethical working environment to 10,000 employees worldwide. Moreover, we must ensure that our products are socially responsible and sustainable for all our customers. In order to respond to the important demographic challenges in modern society and to keep healthcare sustainable, Agfa strives to play an important role in the emergence of integrated healthcare systems.	• Respect for Human Rights • Health & Safety • Sustainable business solutions and production • Product Stewardship & Service Quality
4 QUALITY EDUCATION	**Quality education** Ensure inclusive and quality education for all and promote lifelong learning	Agfa is convinced that continuous learning and development are essential for individual and organizational growth. Each employee must therefore be able to further develop his or her unique talents and skills or to acquire new and advanced skills, knowledge and points of view.	• Employee well-being, Human Capital, Learning & Development
5 GENDER EQUALITY	**Gender equality** Achieve gender equality and empower all women and girls	Within the diversity policy, Agfa wants to promote or recruit more female employees in senior management positions. In addition, a gender-neutral remuneration policy is pursued. In the coming years, even more focus will be put on this.	• 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	In addition to developing new products, Agfa is constantly looking for solutions that not only reduce its own ecological footprint, but also that of its customers. The Innovation Office was launched in January 2019.	• Sustainable business solutions and production • Innovation and investments

SDG	SDG target	Strategic relevance for Agfa-Gevaert	Material topic
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Responsible consumption and production** Ensure sustainable consumption and production patterns	Agfa recognizes the importance of waste reduction and recycling. Therefore, we fine-tune our production processes to avoid waste as much as possible. When waste streams occur, we investigate how to reduce them and how to treat them separately so that recycling can be carried out as efficiently and maximally as possible. In the case of recycling, we also always check whether reuse within the company is possible. In this way we can save on new raw materials and avoid unnecessary transports. Innovative products and solutions must also enable our customers to improve their ecological footprint. Smart usage processes should be used to ensure maximum recyclability of the products.	· Circular economy: Waste management & product recycling · Sustainability in the value chain · Resource scarcity and efficiency (raw materials) · Health & Safety · Sustainable business solutions and production · Ethical business conduct and compliance
13 CLIMATE ACTION	**Climate action** Take urgent action to combat climate change and its impacts	Agfa strives to reduce the amount of waste water as much as possible. By collecting waste water separately, we can apply a specific water treatment and ensure that the waste load is reduced. The reuse of waste water in our operations is stimulated – as far as technologically possible. By limiting the pollution load as much as possible, we want to contribute to the preservation of pure surface water. Agfa recognizes the importance of further reducing CO_2 emissions. In line with the global commitments in the Paris Agreement, everyone should contribute to a more efficient use of energy and make more efforts to further reduce CO_2 emissions with the ultimate goal to combat climate change. In all areas of our business operations, we examine energy efficiency and their respective contribution to reducing CO_2 emissions. For new projects, we take into account economically acceptable application of the best available techniques to further reduce both energy consumption and emissions right from the start. Energy efficiency and the reduction of CO_2 emissions are important decision criteria when evaluating and purchasing products and services. Our innovative products and solutions should also enable our customers to further reduce their water usage, energy consumption and CO_2 emissions.	· Greenhouse gas emissions · Energy usage · Water use and waste water

Planet

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

A global approach

As a global company, Agfa recognizes the need to continuously improve its environmental performance in its own operations, but also at the customer's level by offering environmentally friendly products and systems. This combination allows Agfa to optimize the balance between profitability on the one hand and social and environmental impact on the other hand, thus striving for sustainable business practices.

Agfa has a long tradition of good citizenship. The company strives for profitable growth, but at the same time attaches great importance to the impact of its activities on the environment, to the health and safety of its employees and to the relationships with all stakeholders. We have been doing this for many years on a voluntary basis. In many cases, the company goes beyond what is required by law.
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.

Sustainability in all areas

For Agfa, sustainability is an element of the business that should create long-term value for all stakeholders. All over the world, the company invests in waste and recycling programs, in sustainable energy production, in sustainable logistics and in the recycling of packaging, water and raw materials. Agfa ensures that all products are provided with all necessary safety information and documentation (e.g. SDS) so that they can be used in all circumstances in accordance with all applicable environmental, health and safety standards.

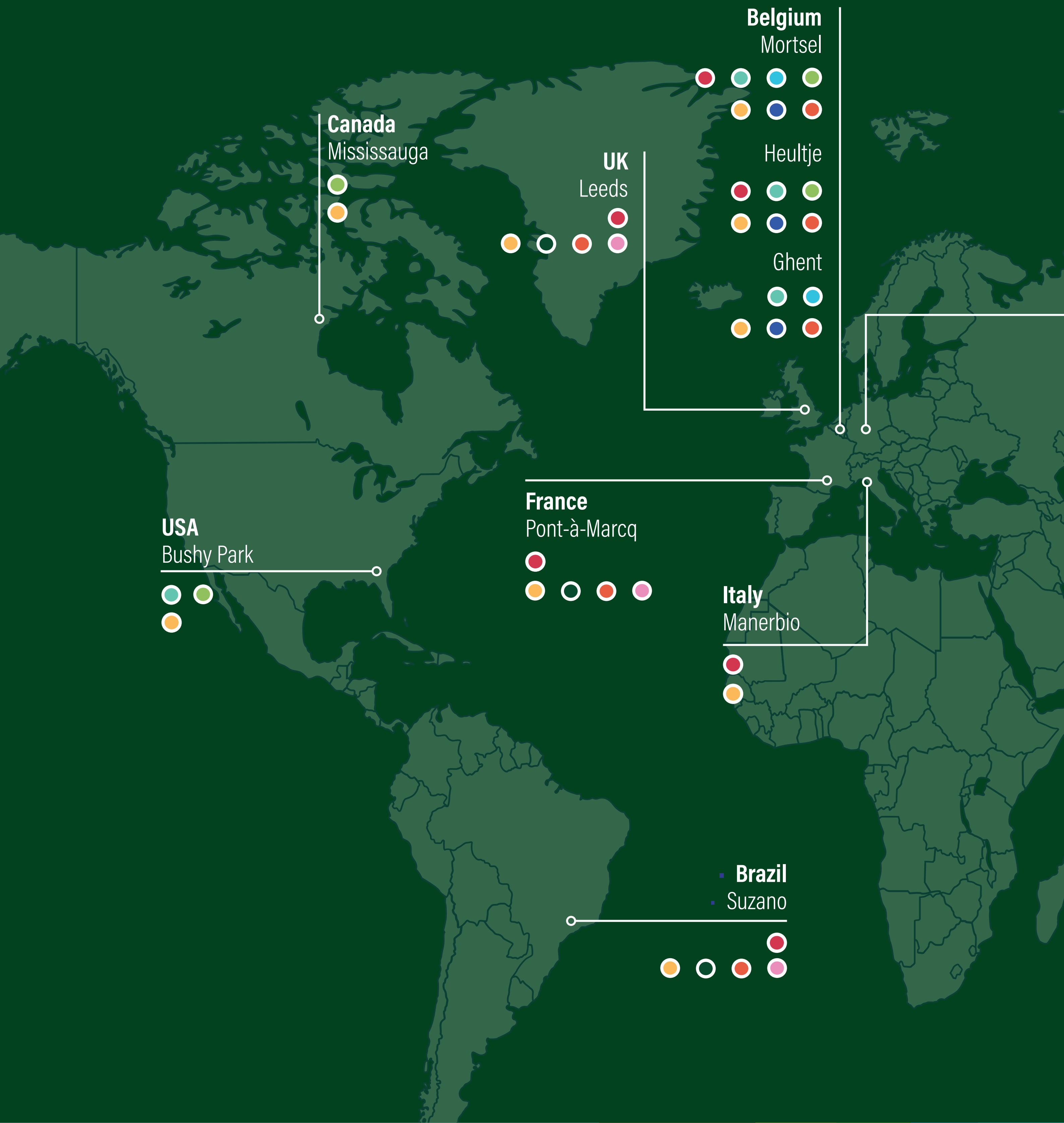
For the printing market, Agfa offers its customers the means to reduce the use of chemicals, reduce waste volume, reduce ink and water consumption and save energy. The chemistry-free printing plates are the perfect example of an environmentally friendly product that really makes a difference. With innovative and sustainable solutions, Agfa actively supports its customers in their switch to greener ways of working. The circular model Agfa uses for the supply of printing plates is an excellent example of a sustainable closed loop system.

For the healthcare sector, Agfa provides, on the one hand, innovative solutions that help to reduce the ecological footprint of healthcare providers and, on the other hand, solutions that keep healthcare affordable. For example, our solutions reduce the use of consumables and chemicals and eliminate the transport of data on film and paper between departments or sites of a hospital. Agfa is committed to developing and marketing products and solutions that generate less waste, reduce X-ray doses and extend the lifespan of a hospital's existing healthcare infrastructure. On the other hand, our solutions ensure a more efficient management of the sometimes scarce resources. The patient's wellbeing is always at the center of this.

For the renewable energy market, Agfa is developing flat membranes for the production of hydrogen. Agfa's Zirfon Perl is a high yield separator membrane. The material is exceptionally durable, both in continuous and intermittent use. Zirfon Perl is rapidly becoming the preferred choice of major research institutes and system designers as a replacement for traditional structures containing PPP cloth or asbestos.

Environment

ENVIRONMENTAL, SAFETY AND ENERGY MANAGEMENT SYSTEMS




OFFSET SOLUTIONS
RADIOLOGY SOLUTIONS
HEALTHCARE IT
DIGITAL PRINT & CHEMICALS
ISO9001 QUALITY
ISO13485 Q MEDICAL
ISO14001 ENVIRONMENT
OHSAS18001 SAFETY
ISO 50001 ENERGY
Germany
Bonn
Munich
Peissenberg
Peiting
Rottenburg
Schrobenhausen
Wiesbaden
China
Wuxi Imaging
Wuxi Printing

Environmental indicators

In line with the above-mentioned considerations, Agfa has chosen the following indicators to assess its environmental performance:

GRI 300	Management systems	
GRI 301-1	Production volume	tonne/year
GRI 301-2	Recycled materials	%
GRI 302-1	Energy consumption (Primary and Secundary)	terajoule/year
GRI 302-3	Specific energy consumption	gigajoule/ton product
GRI 303-1	Water consumption	m^3/year
GRI 303-1	Specific water consumption	m^3/ton product
GRI 303-1	Water consumption excluding cooling water	m^3/year
GRI 303-1	Specific water consumption excluding cooling water	m^3/tonne product
GRI 303-3	Reuse of waste water	%
GRI 305-1	CO_2 emissions to air	tonne/year
GRI 305-4	Specific CO_2 emissions to air	tonne/tonne product
GRI 305-7	NO_x, SO_2, VOC, VIC emissions to air	tonne/year
GRI 305-7	Specific NO_x, SO_2, VOC, VIC emissions to air	tonne/tonne product
GRI 305-7	Specific VOC emissions to air	tonne/tonne product
GRI 306-1	Waste water	m^3/year
GRI 306-2	Waste water volume	tonne/year
GRI 306-2	Specific waste water volume	kg/tonne product
GRI 306-2	Share of waste flows	%
GRI 307	Environmental incidents and complaints	number

Objectives

Agfa strives to improve all its environmental indicators in line with general policies. Environmental, health and safety information is presented on a monthly basis at the meetings of the management teams of the different sites. The Corporate Safety, Health and Environment (SH&E) department maintains a global overview of all information. Every year, the SH&E Management Committee evaluates the policy, organization, management system and objectives in the field of safety, health and environment.

Management systems

Agfa has installed quality, environmental and safety management systems in accordance with the international standards ISO 9001, ISO 13485 Q Medical, ISO 14001, ISO 50001 and OHSAS 18001. The world map on p. 24-25 gives an overview of the certificates obtained at the various sites.

Recycling of raw materials

Material topic 1: Resource scarcity and efficiency (raw materials)

Growing resource scarcity has lead to increasing raw material prices (e.g. aluminum). Companies are encouraged to take part in the solution and invest in green innovations that will reduce the need for raw materials (through greener products or through process that reduce the consumption).

Our values

Agfa recognizes the importance of waste reduction and recycling. Therefore, we fine-tune our production processes to avoid waste as much as possible. When waste streams occur, we investigate how to reduce them and how to treat them separately so that recycling can be carried out as efficiently and maximally as possible.

In the case of recycling, we also always check whether reuse within the company is possible. In this way we can save on new raw materials and avoid unnecessary transports.

Our approach

Through its recently introduced circular supply chain model for printing plates, Agfa is trying to set a trend for the sustainable reuse of aluminum. Via a collaborative supply chain, the printing plates are collected after use and sent to the aluminum producer for recycling. Thanks to this new business model, downcycling is prevented and the intrinsic value of the aluminum is preserved as much as possible.

In this way, we optimise the consumption of raw materials by recovering production waste.

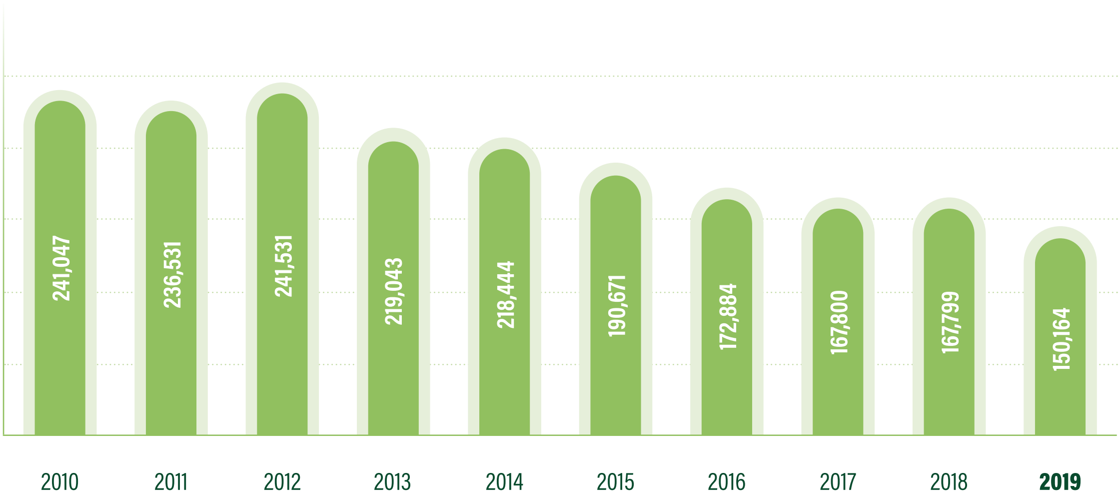
Our indicators

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

Our performance

The global volume by weight of manufactured products decreased by 10.5% compared to 2018.

Product volumes (tonnes/year)



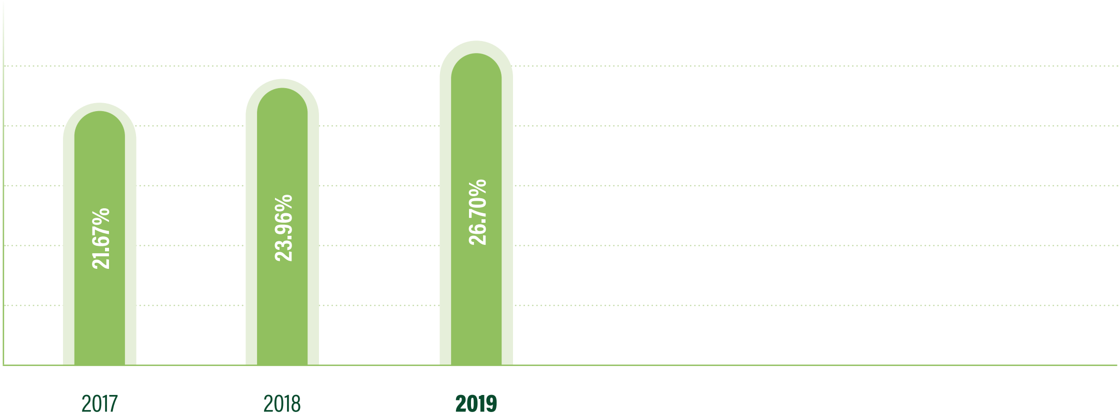
The film factories experienced a decrease of 7.5% in the total production volume by weight. This includes 6.8% in film production (PET) and 8.7% in the production of chemicals (e.g. development fluids).

The overall production of printing plates decreased by 10.9% in 2019.

The production volume for equipment by weight decreased by 8.7% in 2019. By numbers, this means approximately 1,400 units produced for graphic applications (Manerbio, (Italy) and Mississauga (Canada)) and approximately 27,000 units for medical applications (Munich, Peiting, Peissenberg (Germany) and Wuxi (China)).

In 2019, 26.70% of the total amount of aluminum used for the production of printing plates was recovered. As a result, a higher percentage of aluminum as a raw material was again offered to producers for reuse.

Recycled aluminum



Circular business model for Agfa's printing plates

A few years ago, Agfa was the first in the industry to introduce a circular business model for its aluminum printing plates used in printers.

The new system allows printing plates to be offered to large printing houses via a closed supply system, while the aluminum can be reused over and over again without loss of quality.

A study to determine the ecological footprint of printing plates showed that aluminum production has the greatest impact on the environment. In the meantime, however, there are efficient recycling techniques that allow this impact to be reduced by 70% on condition that the printing plates, after use on the printing press, are collected and sent back to the aluminum producer for recycling. An collaborative supply chain between the aluminum supplier, the logistics partner, the printing company and Agfa is extremely important in this respect. The techniques used prevent downcycling (recycling with loss of value) and preserve the intrinsic value of the aluminum as much as possible. With this business model, Agfa complies with the guidelines of the European Commission aimed at achieving a circular economy model. The system has been introduced with customers that process sufficient volume of printing plates and are also organizationally able to participate in this system.

Waste

Material topic 2: Circular economy: Waste management & product recycling

How the company deals with waste management system and solutions to create less waste and recycle equipment. How does this contribute to the circular economy? This also includes recycling of products sold.

Our values

Agfa recognizes the importance of waste reduction and recycling. Therefore, we fine-tune our production processes to avoid waste as much as possible. When waste streams occur, we investigate how to reduce them and how to treat them separately so that recycling can be performed as efficiently and maximally as possible.

In the case of recycling, we always check whether reuse within the company is possible. In this way, we can save on new raw materials and avoid unnecessary transport. Efficient waste separation is extremely important here.

We expect all our employees and all our stakeholders to act in an environmentally conscious manner in order to contribute to a better and sustainable waste reduction.

Innovative products and solutions must enable our customers to reduce their ecological footprint. Smart usage processes should be used to maximize the recyclability of the products.

Our approach

Each site has rules and standards regarding the protection of the environment in accordance with the specific legal requirements. The treatment and recycling of waste is mapped and examined in all sites in order to obtain the best method of treatment and recycling. The useful recovery of materials and energy - in whatever form - is always the starting point in discussions with waste processors.

Investments at the plants must promote a more efficient waste reduction and a more efficient reuse within the company.

Our indicators*

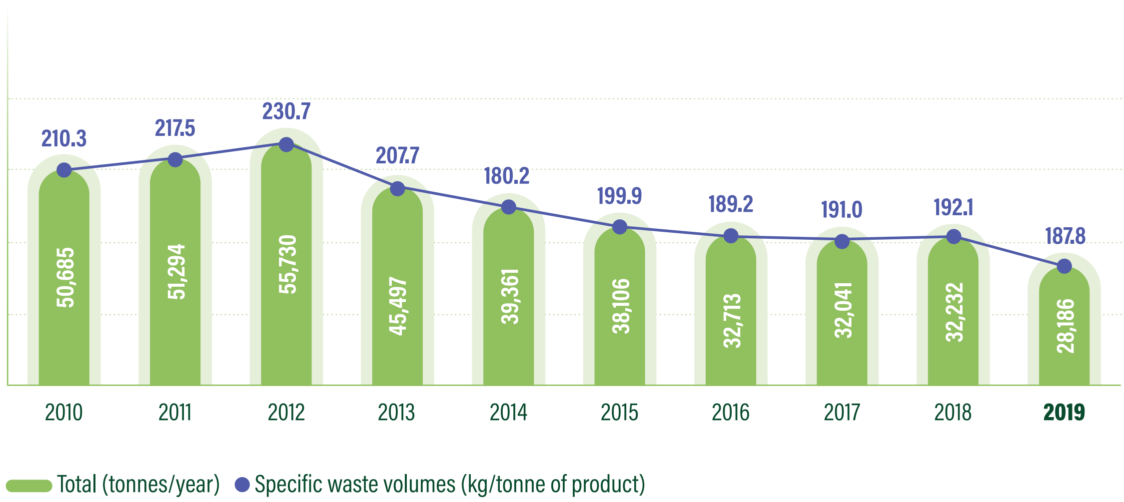
1. Waste volume (tonnes/year)
2. Specific waste volume (kg/tonne of product)
3. Share of hazardous and non-hazardous waste (%)
4. Share of useful waste recovery (%)
5. Share of waste going to landfill (%)

*The indicators apply to the production and administrative facilities as a whole.

Our performance

In 2019, the total waste volume decreased substantially by 12.6% compared to previous years. This decrease is due not only to a reduction in the volumes produced, but also to a constant improvement in the production processes in terms of waste stream reduction. The closure of the production unit in Branchburg (New Jersey, USA) at the end of 2018 also had an impact on the figures.

Waste volumes



After a few years of slight increase, the specific waste volume fell by 2.2% in 2019.

The percentage of hazardous waste increased in 2019 due to a different approach at our Chinese sites. The waste that was previously landfilled is now further treated as hazardous waste. The aim is to give this part of the waste a useful application (a.o. through recycling) and thus reduce landfill.

Currently, the percentage of non-hazardous waste is 76% of the total. The ratio between non-hazardous and hazardous waste, which was 6:1 in previous years, is now 3:1. This is due to the increase in the percentage of hazardous waste in China.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Landfill	5,691	6,147	6,373	4,103	4,214	3,586	3,462	2,669	2,910	363
Incineration	274	387	296	217	327	227	127	782	527	328
Recycling	39,720	39,813	44,690	37,220	30,879	29,939	24,603	24,398	24,293	22,836
Energy recovery	1,358	1,484	1,308	1,257	1,173	1,438	1,188	1,057	1,336	1,583
Physico-chemical treatment	716	701	632	431	187	119	192	262	146	181
Valorization	2,925	2,762	2,431	2,270	2,581	2,796	3,141	2,874	3,020	2,895
TOTAL (tonnes/year)	**50,685**	**51,294**	**55,730**	**45,497**	**39,361**	**38,106**	**32,713**	**32,041**	**32,232**	**28,186**
Non-hazardous	75%	76%	77%	75%	76%	75%	86%	86%	85%	76%
Hazardous	25%	24%	23%	25%	24%	25%	14%	14%	15%	24%

The rate of useful waste recovery (recycling, energy recovery, physico-chemical treatment and valorization) rose to 97.3%, a significant improvement of more than 8%. Here again, the cause is almost entirely attributable to the changes in China where the proportion of waste previously landfilled has been eliminated.

The percentage of the total waste volume still being landfilled decreased to 1.3% in 2019. This figure – the lowest ever – clearly demonstrates the intention to achieve further recovery of the waste streams.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Benificial use of waste	88.2%	87.3%	88.0%	90.5%	88.5%	90.0%	89.0%	89.2%	89.3%	97.5%
Proportion waste in landfill	11.2%	12.0%	11.4%	9.0%	10.7%	9.4%	10.6%	8.3%	9.0%	1.3%

Microplastics in the environment: what does Agfa do?

Microplastics in the environment pose a health threath because they can enter the food chain via the oceans. They have rightly been the subject of public debate in recent years. Under the motto 'Zero Pellet Loss,' a number of companies in the Antwerp area recently took the initiative to develop a number of measures to combat microplastics. The professional federations essenscia (Chemical Industry) and Agoria (Technology Companies) gave extra attention to this issue in November 2019, and devoted a study day to the circular economy topic. Agfa was present at this event and participated in the workshop on the avoidance of emissions from microplastics.

Agfa produces more than 100 million m^2 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.

The PET flakes are transported pneumatically in closed circuits. If small pieces of PET are nevertheless released, they are professionally disposed of using an industrial vacuum cleaner that was purchased for this purpose a few years ago. The entire site is cleaned once a week. In this way, we avoid plastics ending up in the environment.

Water use and waste water

Material topic 3: water use and waste water

The issues of water comprises the use of water, the pollution of water and how the company deals with the question of water scarcity.

Our values

Agfa strives to reduce the amount of waste water as much as possible. By collecting waste water separately, we can apply a specific water treatment and ensure that the waste load is reduced.
The reuse of waste water in our operations is stimulated – as far as technologically possible. By limiting the pollution load as much as possible, we want to contribute to the preservation of pure surface water.
Waste water is always closely monitored in accordance with local statutory discharge standards.
We expect all our employees and all our stakeholders to act in an environmentally conscious manner in order to limit water consumption and avoid leaks or uncontrolled discharges.
Innovative products and solutions should also enable our customers to improve their environmental footprint and reduce their water consumption. Smart usage processes should be used to maximize the reduction of waste water and pollution load.

Our approach

Each site has rules and standards regarding the protection of the environment in accordance with the specific legal requirements. The use of water is mapped and researched at all sites in order to optimize the production processes in order to reduce both the use of water and the creation of waste water.
In the production sites, waste water is treated to reduce the pollution load. A number of sites (Mortsel (Belgium) and Pont-à-Marcq (France)) have a biological water treatment plant for this purpose. At the Mortsel site, the water is also further reused so that it can be put to good use again. If the waste water can still contain important raw materials such as aluminum sludge, extra purification processes are used to separate these substances and further finish them.
Investments in the plants are intended to promote more efficient water use and waste water management in the company.

Our indicators*

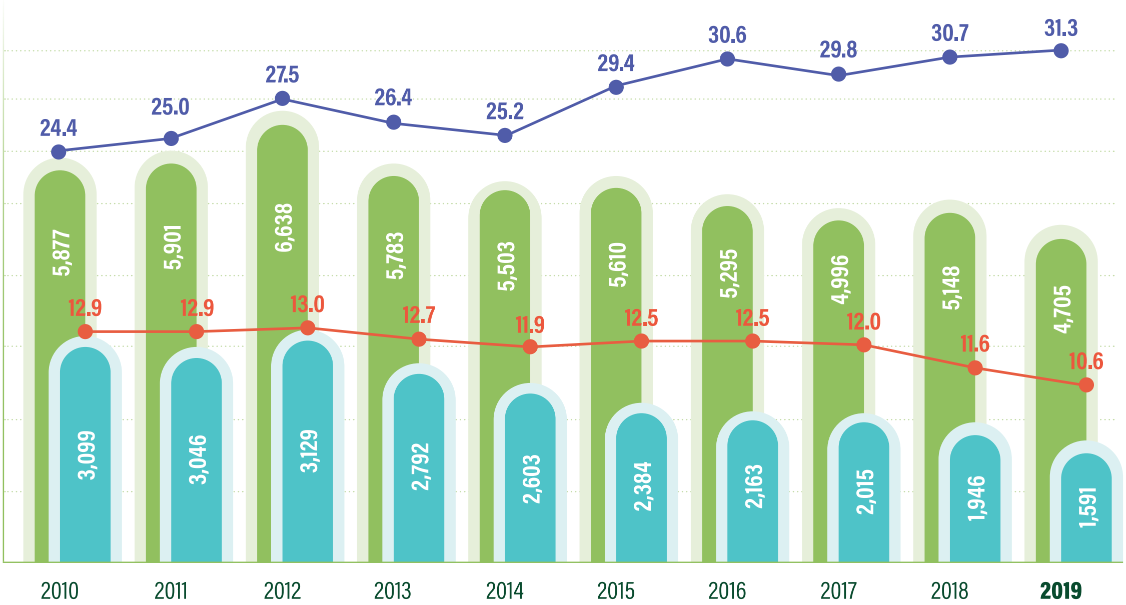
1. Water consumption (m^3/year)
2. Specific water consumption with and without cooling water (m^3/tonnes of product)
3. Amount of waste water (m^3/year)
4. Specific waste water volume (m^3/tonne of product)
5. Waste water reuse in Mortsel, Belgium (% total water consumption)
6. Waste water pollutant load (tonnes per year)

*The indicators apply to the production and administrative facilities as a whole.

Our performance

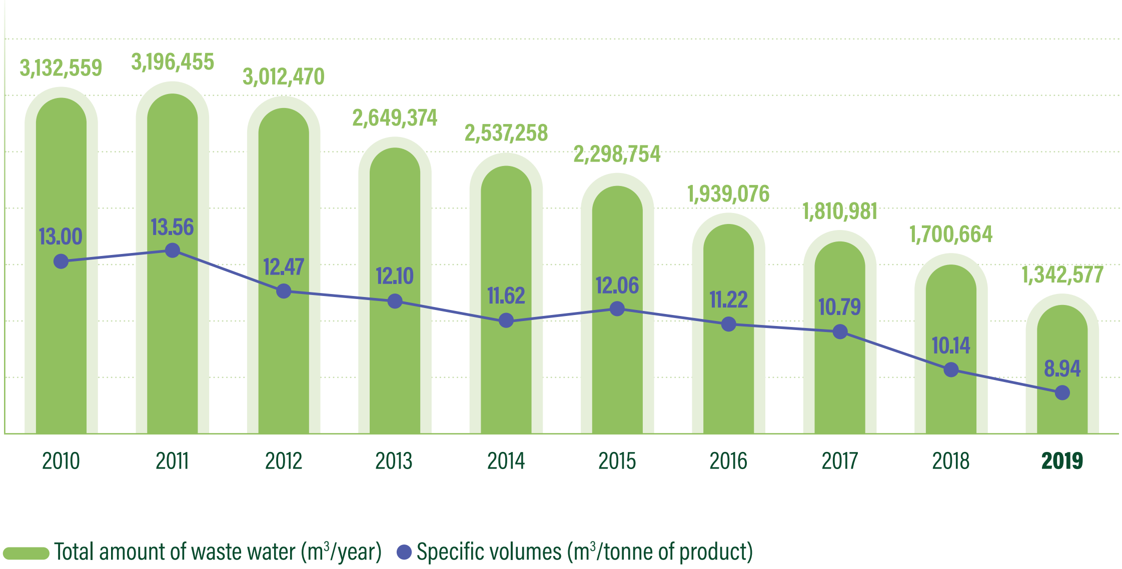
Total water consumption decreased by 8.6% in 2019. Specific water consumption rose slightly by 2.1% to 31.3 m^3 per tonne of product produced. Water consumption excluding cooling water fell by 18.3% in 2019. Specific water consumption excluding cooling water fell by 8.7% to 10.6 m^3 per tonne of product produced. This is the result of continued efforts to use water sparingly.
The specific process water consumption could once again be further reduced to 4.5 m^3 per tonne of product produced. The continuous efforts we are making to optimize the production processes therefore result in a considerable reduction.

Water consumption



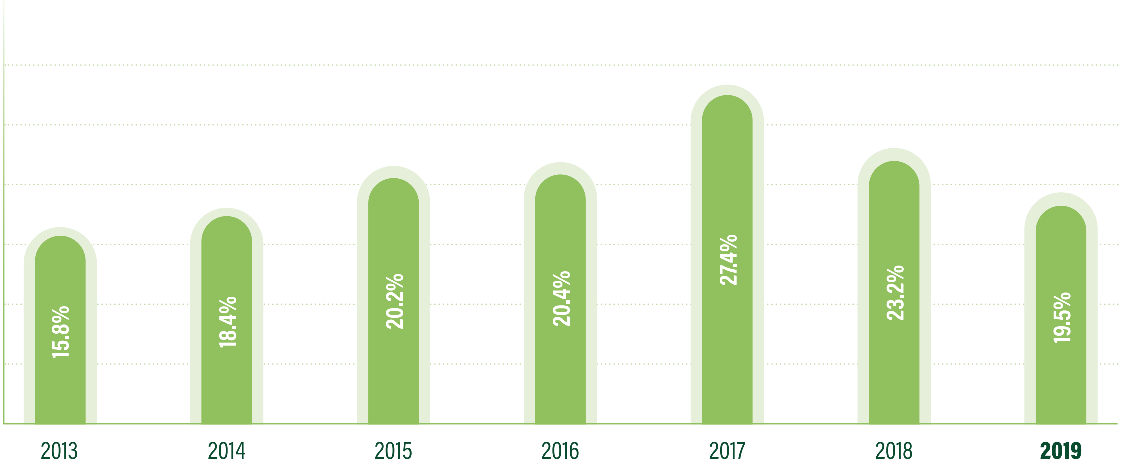
After several years with a downward trend, the total waste water volume decreased substantially again by 21.1% in 2019. This is the result of continued efforts to reduce water use on the one hand, and more efficient water use on the other, which reduces the waste water volume. The specific waste water volume also decreased further to 8.94 m^3/ton of product.

Waste water volumes



The Mortsel site in Belgium contains a biological waste water treatment plant for waste water containing chemical products. After purification, the water can be reused as washing or cooling water. In 2019, 19.5% of the total water consumption was reused for useful applications.

Recycled effluent water HQ



The pollution load fell by 27.3% in 2019. This decrease is due, on the one hand, to the decrease in the total volume of waste water and, on the other hand, to the improved operation of water treatment. This is reflected, among other things, in the lower COD pollutant load. The specific pollutant load excluding aluminum load fell by 14.8% in 2019, which also demonstrates the optimization of water treatment.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Specific volume (m^3/tonne of product)	13.00	13.56	12.47	12.10	11.62	12.06	11.22	10.79	10.14	8.94
COD	1,727.1	1,101.5	524.1	473.1	491.3	462.9	322.7	373.4	347.4	255.4
N	90.8	46.1	17.8	20.4	17.9	15.7	9.5	9.5	12.1	10.7
P	118.7	97.6	97.0	66.5	56.4	54.2	38.1	37.3	34.4	34.4
AOX	0.8	0.6	0.9	0.5	0.4	0.3	0.3	0.3	0.3	0.2
Heavy metals exl. Al	0.5	0.4	0.5	0.5	0.3	0.4	0.4	0.2	0.3	0.2
Aluminum	167.5	30.5	77.5	114.2	34.9	170.4	88.5	40.5	117.2	71.2
TOTAL (tonnes/year)	**2,105.3**	**1,276.8**	**717.8**	**675.1**	**601.4**	**703.9**	**459.5**	**461.2**	**511.7**	**372.1**

Energy consumption

Material topic 4: Energy usage

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 and reduce energy usage.

Our values

Agfa recognizes the importance of sustainable energy consumption. In line with the global commitments in the Paris Agreement, everyone should contribute to a more efficient use of energy and make more efforts to further reduce CO_2 emissions with the ultimate goal to combat climate change.

In all areas of our business operations, we examine energy efficiency and their respective contribution to reducing energy consumption. For new projects, we take into account economically acceptable application of the best available techniques to further reduce both energy consumption and CO_2 emissions right from the start.

Energy efficiency and the reduction of CO_2 emissions are important decision criteria when evaluating and purchasing products and services.

We expect our employees to act in an energy-conscious manner in order to achieve a more efficient use of energy. Our innovative products and solutions should also enable our customers to further reduce their energy consumption and CO_2 emissions.

Our approach

The energy consumption is mapped out in each establishment. This enables us to optimize the production processes and reduce energy consumption.

Investments in the installations must achieve the efficiency of energy use.

Our indicators*

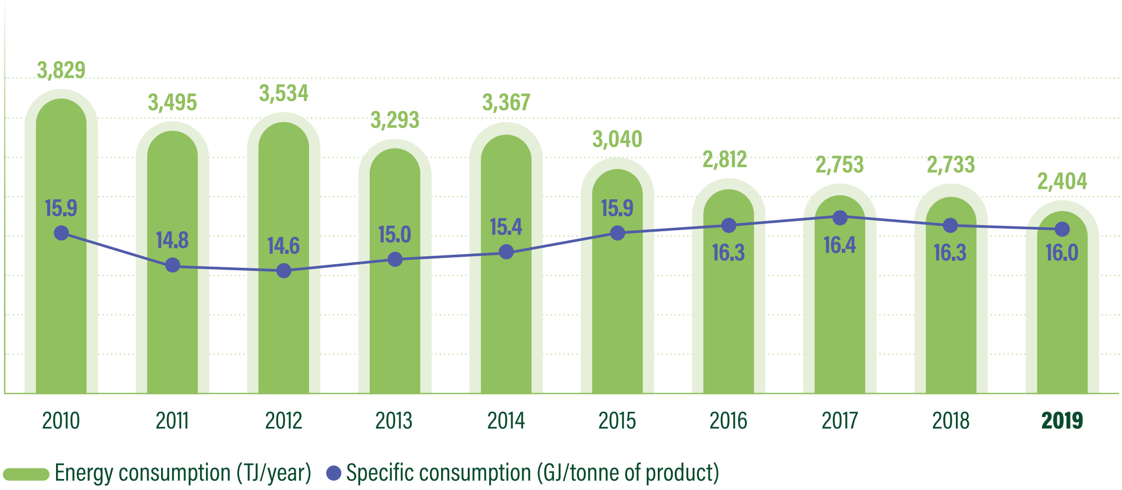
1. Energy consumption (terajoule/year)
2. Energy consumption compared to the previous year (%)
3. Energy consumption of primary and secondary energy (terajoule/year)
4. Energy consumption of primary and secondary energy compared to the previous year (%)
5. Specific energy consumption (gigajoule/tonne of product produced)
6. Specific energy consumption compared to last year (%)

*The indicators apply to the production and administrative facilities as a whole.

Our performance

Total energy consumption (primary and secondary combined) fell by 12% in 2019. Specific energy consumption also fell by 1.7% to 16.0 GJ per tonne of product produced. These decreases are due, on the one hand, to the closure of the production unit in Branchburg (New Jersey, USA) at the end of 2018 and, on the other hand, to the results of the continuous analysis, monitoring and optimization of energy consumption.

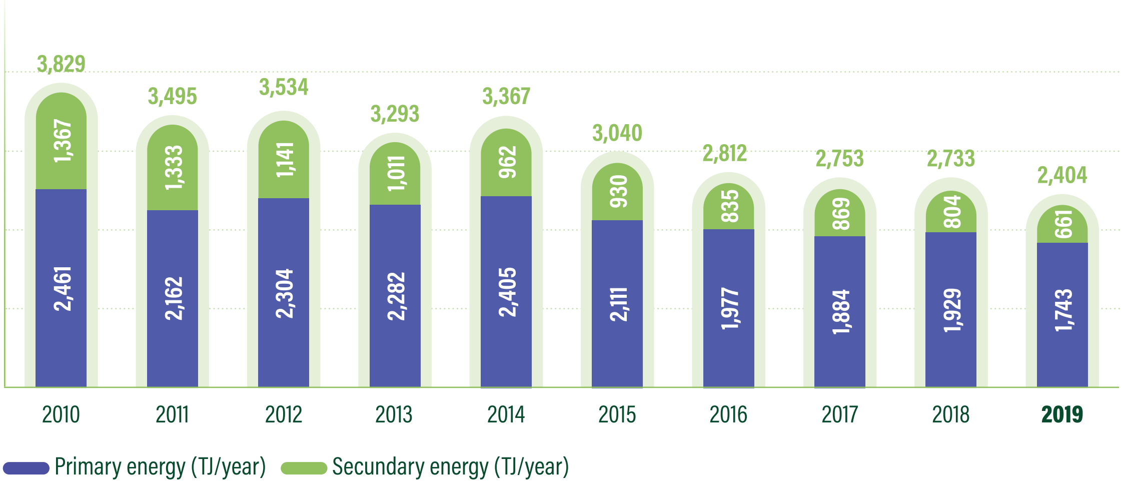
Energy consumption



	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Energy consumption compared to prior year	3.1%	(8.7%)	1.1%	(6.8%)	2.2%	(9.7%)	(7.5%)	(2.1%)	(0.7%)	(12.0%)
Specific energy consumption compared to prior year	(0.6%)	(6.7%)	(1.3%)	2.7%	2.5%	3.4%	2.0%	0.9%	(0.7%)	(1.7%)

Both primary energy (natural gas, fuel oil, etc.) and secondary energy (electricity and steam) will see consumption fall by 9.6% and 17.8% respectively in 2019. The closure of the production unit in Branchburg and the use of the combined heat and power (CHP) unit at the film factory in Mortsel, Belgium, are important factors in the reduction of secondary energy. By using the CHP, the electricity purchased was further reduced by 10.1% in 2019.

Primary & secundary energy consumption

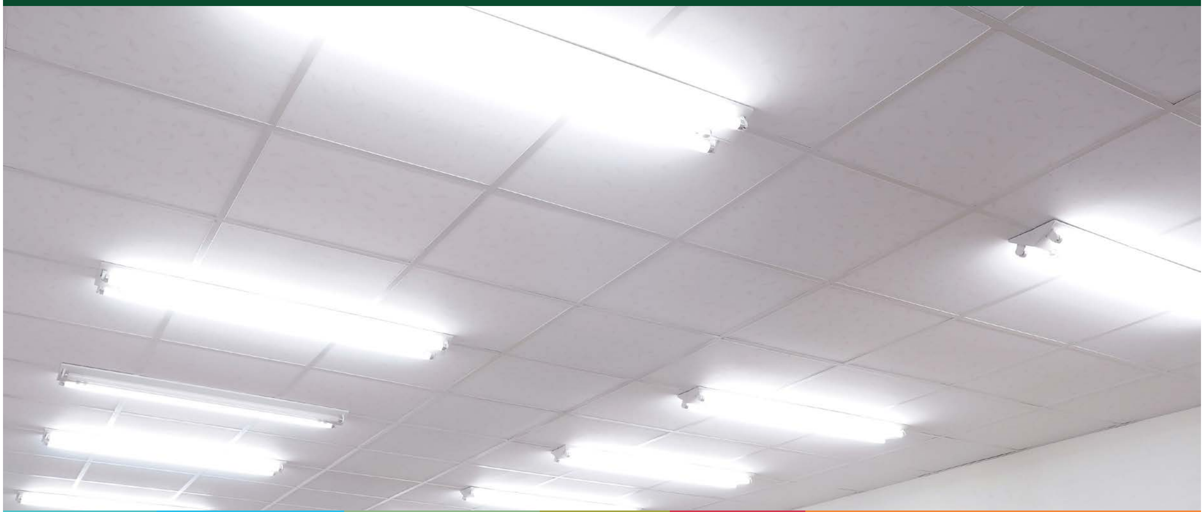


	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
Primary energy consumption compared to prior year	3.7%	(12.2%)	10.7%	(4.7%)	5.4%	(12.2%)	(6.3%)	(4.7%)	2.4%	(9.6%)
Secundary energy consumption compared to prior year	2.2%	(2.5%)	(14.4%)	(11.4%)	(4.9%)	(3.3%)	(10.2%)	4.1%	(7.5%)	(17.8%)

In 2019, a further optimization and reduction of energy consumption was achieved through numerous small and large investments. For example, a new cooling machine was installed in the Mortsel film factory and a further switch was made to general LED lighting.

Let there be (cheaper and better) light!

In recent years, no less than 20,000 fluorescent lamps at the head office in Mortsel have been replaced by more energy-efficient LED lamps. This saves Agfa 2.1 gigawatt hours of electricity every year. This corresponds to the total electricity consumption of 700 households. Thanks to these significant savings, we were able to recoup the investment in two years. This is not only a very good return on investment, it is also a good thing for the environment. In the meantime, a second investment to replace another 20,000 fluorescent lamps has been approved.



CO_2 emissions

Material topic 5: Greenhouse gas emissions

Plans to reduce GHG emission and overall contribution of the company to climate change due to its emissions and the plans in place or under development to minimize this impact and reduce emissions.

Our values

Agfa recognizes the importance of further reducing CO_2 emissions. In line with the global commitments in the Paris Agreement, everyone should contribute to a more efficient use of energy and make more efforts to further reduce CO_2 emissions with the ultimate goal to combat climate change.

In all areas of our business operations, we examine energy efficiency and their respective contribution to reducing CO_2 emissions. For new projects, we take into account economically acceptable application of the best available techniques to further reduce both energy consumption and emissions right from the start.

Energy efficiency and the reduction of CO_2 emissions are important decision criteria when evaluating and purchasing products and services.

We expect our employees to act in an energy-conscious manner in order to achieve a more efficient use of energy. Our innovative products and solutions should also enable our customers to further reduce their energy consumption and CO_2 emissions.

Our approach

Every branch has rules for saving energy. In order to achieve these, the energy sources used are mapped out and their efficiency examined. In function of the economically accepted application of the best available techniques, we try to improve efficiency.

The Mortsel site has numerous installations, including a combined power heat installation, which enables energy conversion to be carried out with a high level of efficiency. Some sites also have installations for Recuperative Thermal Oxidation that enable both waste and energy recovery.

Investments in the installations must always include the energy aspect in order to achieve the efficiency of energy consumption and the reduction of CO_2 emissions.

Our indicators

1. Direct CO_2 emissions (scope 1) to air (ktonnes/year)
2. Indirect CO_2 emissions (scope 2) to air (ktonnes/year)
3. CO_2 reduction (scope 1 & 2) with year before

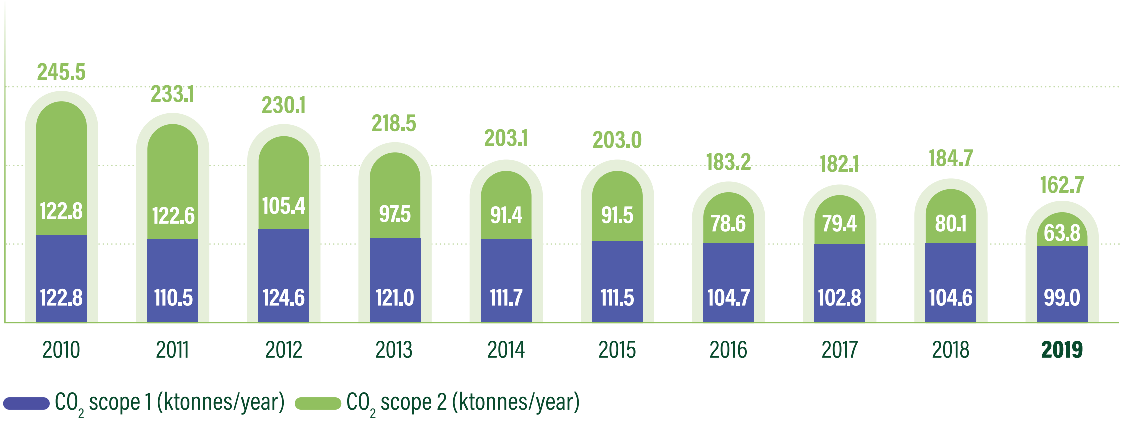
Our performance

In 2019, the direct amount of CO_2 emissions (scope 1) into the air dropped by 5.4% to a value below 100 ktonnes per year and this for the first time. Over a slightly longer period (since 2012), Agfa achieved a substantial reduction of more than 20%.

In 2019, the indirect amount of CO_2 emissions (scope 2) to air decreased by 9.3%. As a result of the decrease in production, less energy had to be used in the form of purchased electricity or steam.

Both the direct (scope 1) and indirect (scope 2) quantities of CO_2 emissions decreased in 2019. This also means a reduction of the total amount of CO_2 emissions from our operations of 7.5% compared to the previous year.

CO_2 emissions to air



Over the last ten years (except 2010 and 2018), Agfa has continued to reduce its CO_2 emissions. This is an important element in our contribution to the overall reduction of the greenhouse gases needed to combat climate change.

Greenhouse gasses	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
CO_2 reduction (scope 1 & 2) with year before	3.0%	(5.1%)	(1.3%)	(5.0%)	(7.0%)	(0.1%)	(9.7%)	(0.6%)	1.4%	(11.9%)

Emissions to air

Material topic 5: Greenhouse gas emissions

Plans to reduce GHG emission and overall contribution of the company to climate change due to its emissions and the plans in place or under development to minimize this impact and reduce emissions.

Our values

Agfa recognizes the importance of further reducing air emissions. Everyone has to contribute to a further reduction of emissions to air with the ultimate goal: combating climate change.
Therefore, we map all sources of emissions to air in order to know their impact and to be able to take appropriate measures. For new projects, we take into account the economically acceptable application of the best available techniques to further reduce air emissions right from the start of the design phase.
Air emissions must be closely monitored in accordance with local statutory emission standards. We expect our employees to act in an energy-conscious manner in order to limit air emissions or avoid uncontrolled emissions.

Our approach

Each site has rules and standards regarding the protection of the environment in accordance with the specific legal requirements. Emission sources are mapped out at each site in order to optimize and improve production processes in function of an economically acceptable application of available techniques.

Our indicators

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

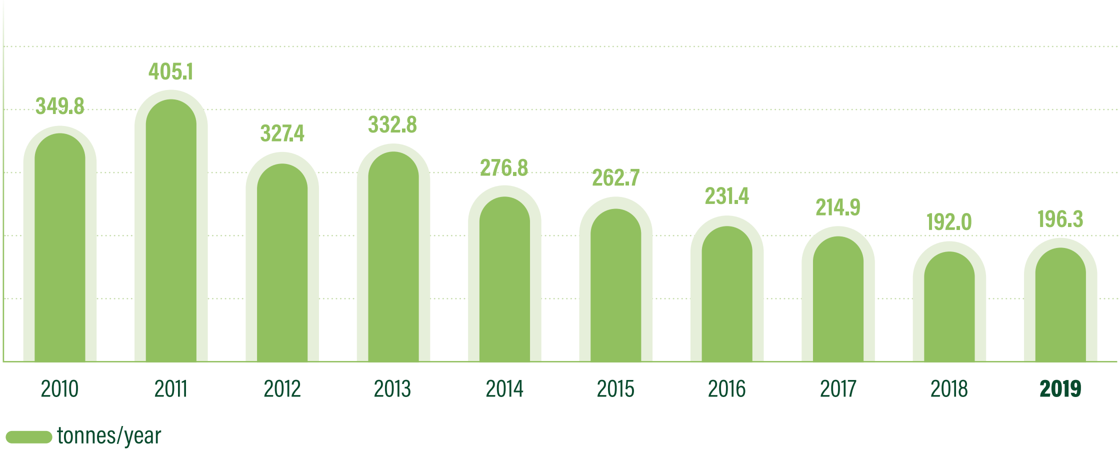
Our performance

In 2019, Agfa recorded high emissions of ozone-depleting substances due to a severe malfunction after maintenance work on two cooling machines at the Mortsel site. Never before, we have recorded such figure. In the meantime, all necessary corrective actions have been taken to prevent a recurrence.

	2017	2018	**2019**
Ozon-depleting substances emission (kg R11 equivalents/year)	183.1	69.7	1,508.5

Air emissions excluding CO_2 rose slightly by 2.2% in 2019. This increase is almost entirely due to higher NO_x emissions, caused by some installation inconsistencies in Mortsel for which corrective actions have been taken.

No_x, SO_2, VOC, VIC emissions to air



	2010	2011	2012	2013	2014	2015	2016	2017	2018	**2019**
NO_x	160.3	150.3	142.1	141.6	140.4	137.5	120.3	99.4	99.0	119.0
SO_2	6.2	40.7	9.7	23.5	5.1	1.5	1.5	0.8	1.5	2.7
VOC	179.3	165.6	171.6	165.2	129.3	121.8	106.1	112.7	88.7	71.9
VIC	4.0	48.5	4.0	2.5	2.0	1.9	3.5	2.0	2.8	2.8
TOTAL (tonnes/year)	**349.8**	**405.1**	**327.4**	**332.8**	**276.8**	**262.7**	**231.4**	**214.9**	**192.0**	**196.3**

VOC emissions fell further by 19.0% in 2019. Specific VOC emissions evolved to 0.3 kg per tonne of product produced. This value is the lowest over the last ten years.

As a result of improved operation and modifications to the installations, the share of solvent recovery could be increased. An example of this is the automated monitoring of the solvent balance.

Environmental incidents and complaints

Until now, we only reported for the production site in Mortsel, as this is the most important film production site worldwide. From 2020 onwards, this reporting will be extended to all production units in order to provide a more complete picture.

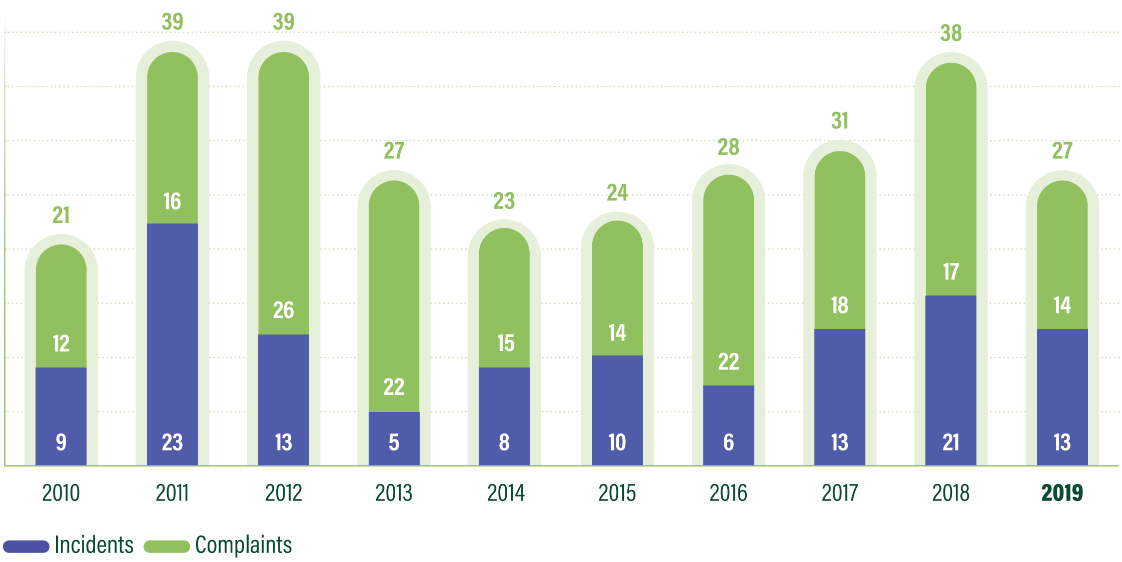
In 2019, 13 environmental incidents were reported to the local authorities in Mortsel. They mainly concerned breaches of the waste water permit.

Mortsel reported 14 complaints in 2019. These complaints mainly concerned noise and odour nuisance as a result of various one-off events.

The follow-up of the environmental incidents and complaints was stepped up in 2018 and 2019 in order to be able to anticipate possible problem situations even more quickly.

No fines had to be paid in 2019.

Environmental incidents & complaints



People

Agfa counts on the competences, creativity and commitment of all employees to build the future of the company. In a rapidly changing society, we want our employees to continue to choose Agfa. To this end, we offer them numerous professional and personal benefits. Moreover, Agfa strives to be a good employer by creating a safe, inspiring and inclusive work environment with equal opportunities, with continuous training opportunities for a long and fulfilling career and with opportunities for each individual to find a good work-life balance.

A skilled workforce and agile organization are essential for the continued success of our business. Failure to attract, develop and retain talents to satisfy current and future needs of the business may affect our organization.

Agfa's HR policy is focused on the development and implementation of 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. It is also important to pay attention to the development of coaching leadership.

The main focus in 2019, however, was to roll out the program for a renewed corporate culture.

HR Key figures 2019

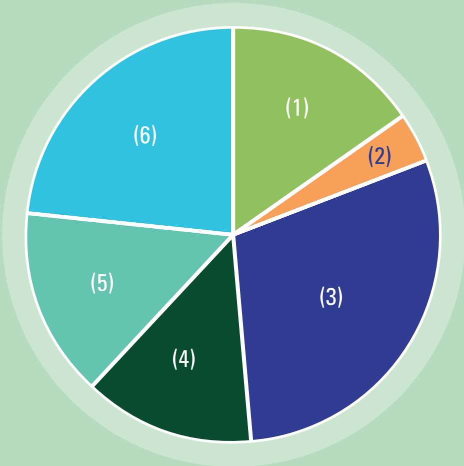
NUMBER OF EMPLOYEES

A total of **9,923** in 2019 or 9,571 full-time equivalents

777 new employees joined Agfa in 2019

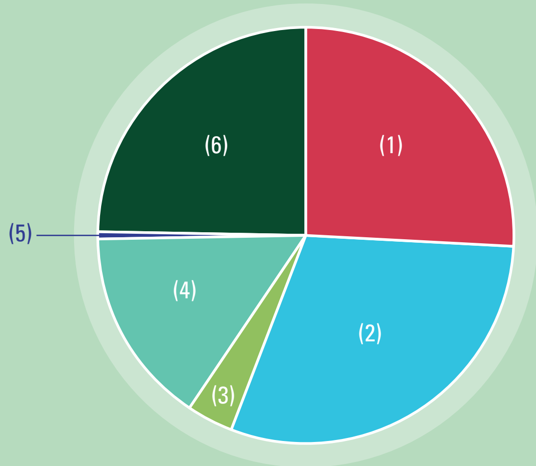
1,225 employees left the company in 2019

EMPLOYEES PER CORPORATE FUNCTION



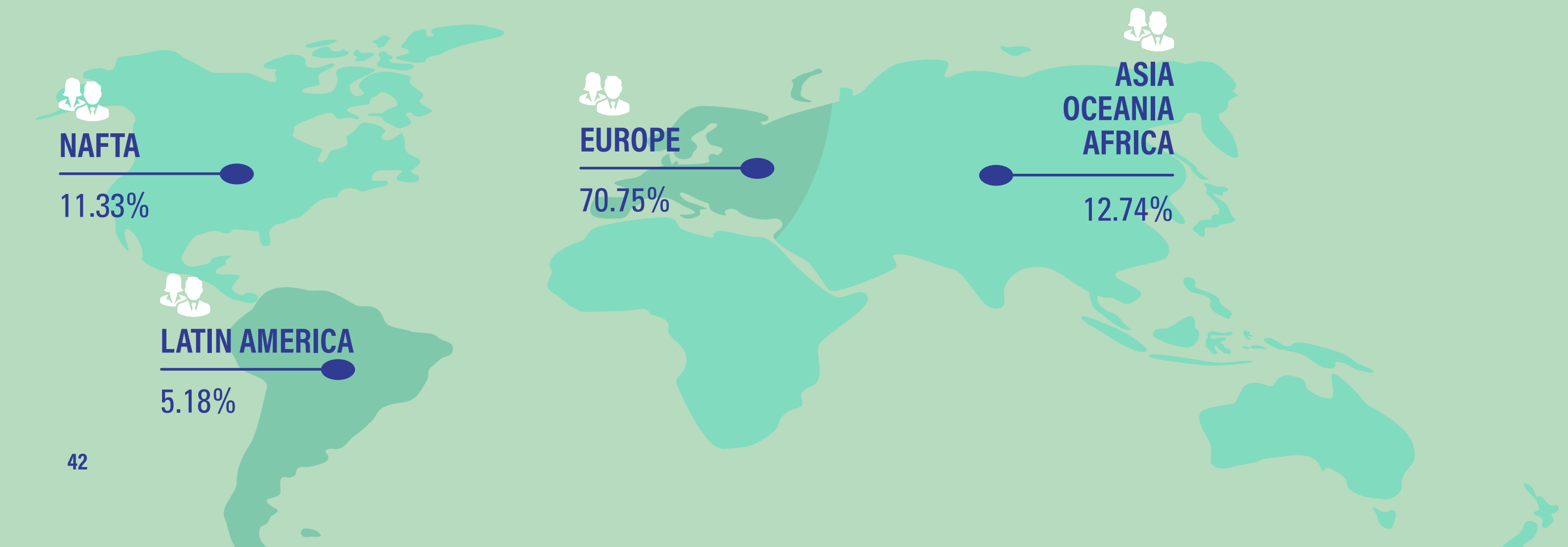
(1) General & administration **16.12%**
(2) Logistics & supply chain **3.15%**
(3) Production **27.05%**
(4) Research & development **15.09%**
(5) Sales **14.77%**
(6) Service **23.81%**

ALLOCATION OF EMPLOYEES

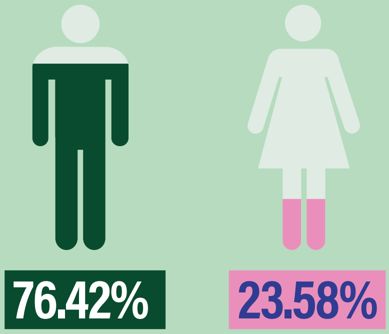


(1) Offset Solutions **26.06%**
(2) HealthCare IT **30.02%**
(3) Digital Print & Chemicals **3.55%**
(4) Radiology Solutions **15.14%**
(5) Corporate **0.74%**
(6) Support services **24.50%**

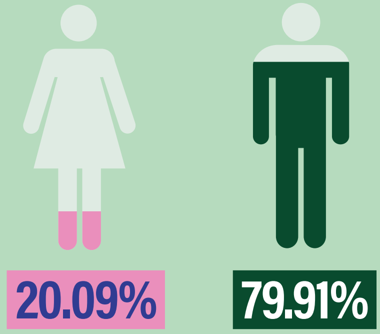
EMPLOYEES PER REGION



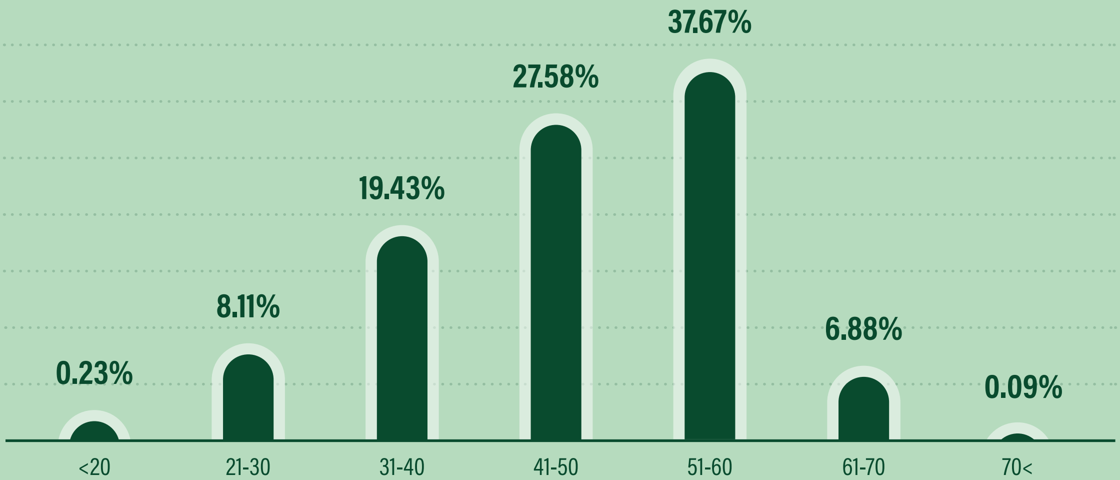
PERCENTAGE OF MALE/FEMALE WORKFORCE



PERCENTAGE OF FEMALE/MALE MANAGEMENT POSITIONS



EMPLOYEES BY AGE GROUP



THE AGFA GROUP HAS 91 NATIONALITIES THE TOP 5 CONSISTS OF:

BELGIAN	GERMAN	AMERICAN	FRENCH	CHINESE
2,937 EMPLOYEES	**1,826** EMPLOYEES	**744** EMPLOYEES	**704** EMPLOYEES	**697** EMPLOYEES

1. Employee Well-being, Human capital and Learning & Development

Material topic 7: Employee Well-being, Human capital and Learning & Development

How the company deals with human capital, including working conditions. This includes: diversity, inclusion, gender, generational diversity, employee turnover, talent management, work-life balance, remuneration, involvement, etc.

Diversity

Our values

Agfa invests in sustainable employment and wants to offer a safe and healthy working environment to all employees worldwide. In this respect, diversity is an important concern for Agfa and the Company has policies and procedures in place. They are described in the Company's Code of Conduct and in the anti-discrimination policy in the Declaration on Ethical Business Conduct.
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 91 different nationalities, with different backgrounds, personalities and visions work together every day. Diversity is therefore a natural given for Agfa. This diversity enriches the organization and contributes directly to the company's performance and image.

Our approach

In order to support its vision on diversity, the Board of Directors decided at its meeting of March 3, 2003 that it gives absolute priority to a policy of equal employment opportunities for all employees and applicants. The Board also made it clear that 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 decision was included in Appendix A: Code of Conduct and Statement on Ethical Business Conduct, part of the Corporate Governance Charter, and was further explained in Agfa-Gevaert's Diversity Charter. Both documents can be consulted on the Company's website: www.agfa.com. With the Diversity Charter, Agfa wants to underline its commitment to diversity. The organization wants to demonstrate its commitment to gender equality as well as to cultural, ethnic and social diversity in society. By doing so, Agfa supports not only the prohibition of any form of discrimination, but also the principle of equal opportunities.

In the Diversity Charter, Agfa commits itself to the following:

1. The company will observe the non-discrimination principle in all its forms and expects its employees to do the same. The policy of the organization is aimed at offering equal employment opportunities to all employees and applicants. No-one is to be discriminated based on race, religion, political orientation, color, sex, age, nationality, disability, sexual orientation or any other classification declared to be impermissible by law. This policy goes for all stipulations, conditions and privileges related to employment, including but not limited to recruitment, hiring, placement, training, promotion, assignment, remuneration, sanctioning and termination of employment.
2. Agfa will train and sensitize management and employees to enable them to deal with the challenges related to non-discrimination and diversity. The organization will take steps, but also expects employees to be aware of and to actively apply the non-discrimination principle.
3. Agfa expects its employees to respect the rights and individualities of all individuals in order to create a work environment in which every employee is able to fully realize his/her potential. The company will create a climate of trust, tolerance and openness, and will actively address all kinds of discrimination. By doing so, it aims to warrant and stimulate a company culture that strives for maximum respect for close colleagues.
4. This charter is fully endorsed by the company's management. Together with the social partners, the management is fully committed to actively support it.

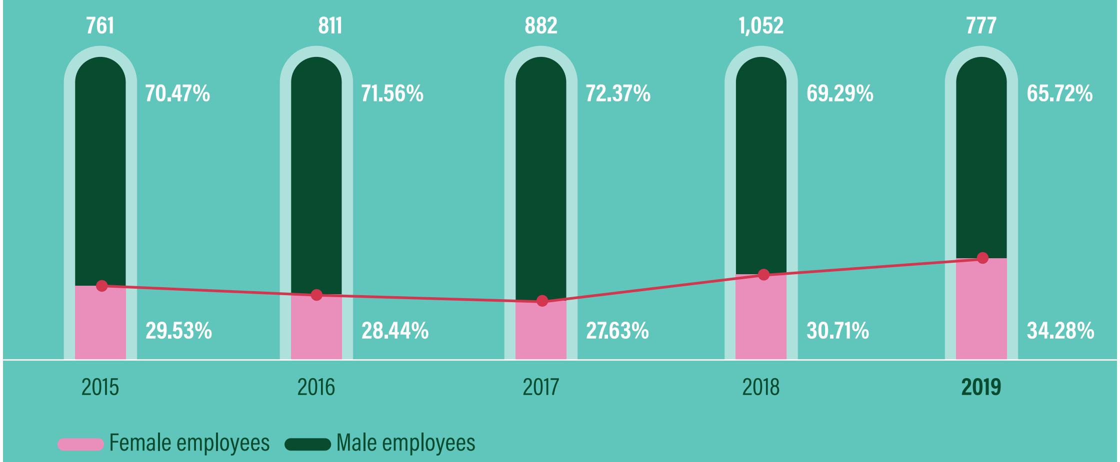
Diversity at Agfa in figures

As of 2015, the Board of Directors of the Company has complied with the legal obligations relating to gender diversity as provided by the Belgian law of July 28, 2011. For a further description of diversity aspects regarding the members of the Board of Directors (age, gender, educational background and professional experience) we refer to the resumes of the members of the Board of Directors included in the Corporate Governance Statement.

The HR charts on this page give an overall picture of the recruitments within the Agfa-Gevaert Group over the last five years. The Company believes that these figures provide an objective and balanced picture of how the Company deals with the different aspects of diversity today.

In 2019, as a result of various measures to promote the hiring of female employees – driven by the renewed focus on amongst others gender diversity – the female working population of Agfa has increased by more than 3.5% compared to 2018.

PERCENTAGE OF MALE/FEMALE EMPLOYEES ON RECRUITMENT

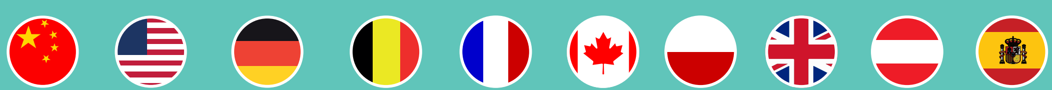


PERCENTAGE OF NEW EMPLOYEES BY AGE GROUP

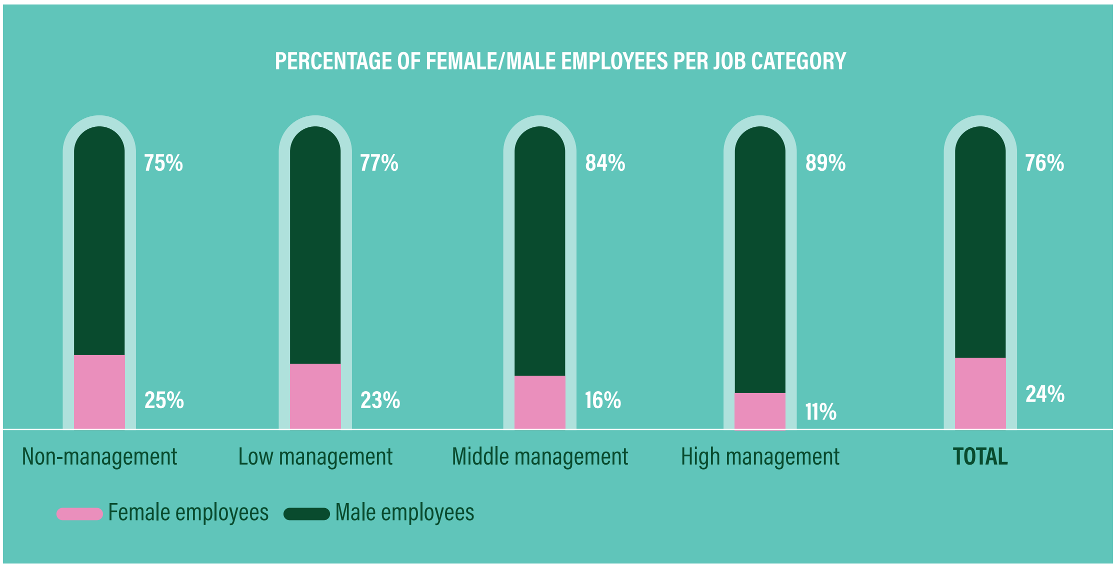
	<20	21-30	31-40	41-50	51-60	61-70	70<
2015	3.96%	35.32%	29.39%	17.63%	10.81%	2.32%	0.13%
2016	4.36%	33.03%	31.97%	20.29%	8.97%	1.00%	0.00%
2017	5.16%	34.69%	32.57%	16.78%	8.93%	1.25%	0.00%
2018	3.54%	33.79%	31.66%	18.81%	9.77%	1.85%	0.10%
2019	**6.85%**	**36.34%**	**29.88%**	**16.98%**	**8.50%**	**1.10%**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

IN THE GROUP OF NEW EMPLOYEES OVER THE LAST FIVE YEARS, WE HAVE 86 DIFFERENT NATIONALITIES THE FOLLOWING COUNTRIES MAKE UP THE TOP 10

CHINA	US	GERMANY	BELGIUM	FRANCE	CANADA	POLAND	UK	AUSTRIA	SPAIN
15.00%	**14.08%**	**13.11%**	**10.56%**	**7.43%**	**6.37%**	**4.30%**	**4.26%**	**2.97%**	**2.81%**



Agfa wants to increase the number of female employees in senior management positions. Increasingly more focus will be put on this and specific KPIs and targets will be defined.



Furthermore, there is a focus on gender-neutral remuneration. The tables below give an overview between male and female employees in the ratio headcount/Hay-grade and the ratio salary/Hay-grade for the years 2018 and 2019.

	2018		2019	
Headcount/Hay-grade	Female	Male	Female	Male
Non-management	24%	76%	25%	75%
Low management	22%	78%	23%	77%
Middle management	16%	84%	16%	84%
High management	11%	89%	11%	89%
TOTAL	**23%**	**77%**	**24%**	**76%**

	2018		2019	
Average salary/Hay-grade	Female	Male	Female	Male
Non-management	89%	104%	89%	104%
Low management	92%	102%	91%	103%
Middle management	92%	102%	92%	101%
High management	90%	101%	96%	101%
TOTAL	**87%**	**104%**	**87%**	**104%**

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.

Remuneration policies and practices

Our values

Employing people is a long-term investment. Global organizations still experience competition in recruiting and retaining staff. Therefore, Agfa offers its employees competitive remuneration packages.

Our approach

Most managers have a variable part in their salary package. The payment of this variable part depends on the results of the respective division and region and on the individual performance ('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'.

To ensure that salaries are in line with the market, Agfa uses a formal job evaluation system and participates in salary surveys to continuously review its remuneration policy.

As a reference salary for its employees, Agfa uses a Total Target Cash level which on average is at the 67th percentile of the market. The individual employee's package is adjusted based on his/her performance and expertise.

Agfa strives to offer competitive as well as cost-efficient short-term and long-term benefits. The most important benefits are: a pension plan, life insurance and medical cost insurance. The benefits can vary greatly from country to country, depending on local rules and customs.

Work-life balance

Our values

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

Our approach

Agfa is committed to creating a workable work policy in which many initiatives strive for the best possible work-life balance. For example, we offer flexible working hours where possible, such as part-time work, working from home or thematic leave such as parental leave. Furthermore, 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.

Career guidance

Our values

In the career guidance process, HR facilitates the employee in exploring his interests, talents and experiences in order to identify possible career opportunities. The focus is generally on career change, personal development and possible other career-related issues.

Our approach

The career coach helps 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.

In 2020, Agfa will offer a 360 feedback survey to all employees who are following an internal leadership trajectory. The results will be discussed with a career coach.

Training & Development

Agfa strives to have the right employee in the right job at the right time and the right location at the right cost. 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 stimulating a successful transition from one position to another.

On the other hand, our careers need to remain adapted to the changing reality. 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 performance management and talent management. Training and development is the natural lever to increase the employability of our employees.

Performance management

Our values

Performance management is a recurring and continuous process for setting targets and for development and evaluation aimed at achieving the company's strategy and objectives through employee performance. Agfa's performance management processes ensure that employees are evaluated and receive formal and informal feedback on their performance against a number of agreed targets. 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 approach

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

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

Talent management

Our values

Talent management stands for defining the competencies that the company – now and in the future – will need to grow successfully and for identifying the existing potential in the company or when expanding on the labor market. It is about how to attract and retain the right people, at all levels of the organization.

Our approach

All people managers participate in the annual People Review process to proactively identify core talent in the organization, to organize mobility and job rotation and to develop development, continuity and career plans. All this is designed to ensure that key employees remain on board.

The Strategic Talent Review process is a biennial 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. The exercise was launched in 2019 and will be discussed in 2020. Consequently, the necessary action plans can be drawn up.

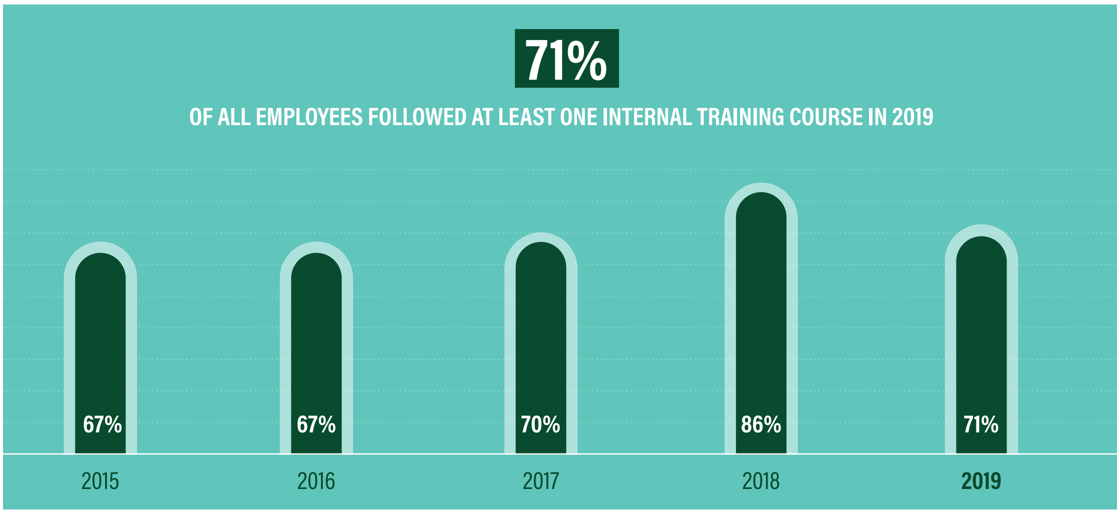
Learning and development tools

Our values

Agfa is convinced that continuous learning and development are essential for individual and organizational growth. Each employee must therefore be able to further develop his or her unique talents and skills or to acquire new and advanced skills, knowledge and points of view.

Our approach

Agfa offers a wide range of internal, external and web-based learning and development tools in technical, business and soft skills related domains. Employee development plans are aligned with competence management and integrated into the FeedForward framework.



The 15% decrease in 2019 can be explained by a learning and development provider switch and the introduction of a new learning and development tool platform.

Worldwide talent program

In 2019, three regional leadership tracks for some fifty young managers were rolled out in the LATAM, ASPAC and NAFTA regions. These programs focus on teaching the skills and providing the support needed to succeed in their role as young managers. Regional talent programs with 37 participants were also rolled out in these regions. The aim of this program is to improve succession planning and flow within the regions. Impact studies to measure the sustainable change in the behavior of the participants were carried out. These showed that more than 90% of the participants in the program reported changes in their own behavior and improved leadership skills.

2. Respect for human rights

Material topic 8: Respect for human rights

How the company ensures that working conditions 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).

Our values

Convinced that everyone has the right to be treated with respect, care and dignity, Agfa strives to be a company and employer with clearly defined and applied health and safety standards, that complies with all legal provisions and with the general provisions of the Universal Declaration of Human Rights.

Our approach

Working environment

As determent in Agfa's Code of Conduct, it is the policy of the company that 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, colour, religion, political opinion, gender, age or nationality. Furthermore, the policy 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. In this context, it is also prohibited and unlawful to grant or refuse a job or a promotion for the purpose of providing or refusing sexual favors. It is also forbidden to be guilty of 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.

Labour practices

Freedom of association

Our values

Agfa adheres to the general principles of the Universal Declaration of Human Rights and supports and respects the right of its employees to organise themselves in trade unions and other organisations that represent the rights of employees in their relationship with Agfa as an employer.

Our approach

In each country where it operates, Agfa enters into dialogue with employee 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.

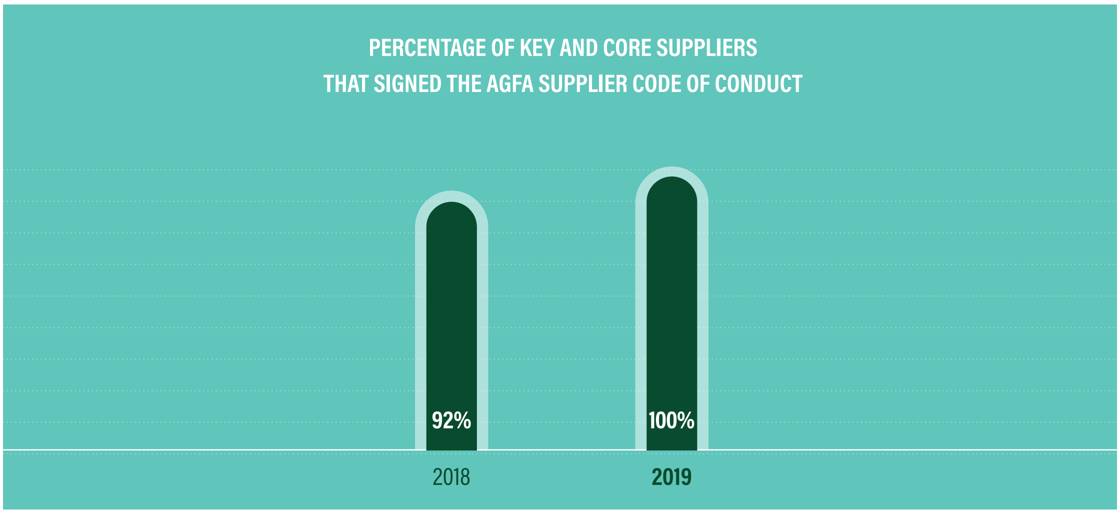
Support programs for employees

In addition to the strict application of the Code of Conduct, the vast majority 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. Complaints are handled in a systematic and confidential manner and specialized and independent contact persons have been appointed. Local HR contacts have also been appointed for each site, so that employees can report individual problems in a confidential manner if necessary.

Supply Chain

Suppliers are essential in our business of providing products and services. However, having close relationships with suppliers means that their reputation can have an impact on that of our company, thus increasing our own reputation risk. This is why we expect our suppliers to adhere to the same sustainability standards. Since 2012, we strive to have all our suppliers contractually agreeing to our Agfa Supplier Code of Conduct. This is certainly the case for our key and core suppliers, representing about 31% of our total spend.

In 2019, 100% of the contracts signed by key and core suppliers included the Agfa Supplier Code of Conduct (2018: 92%).



The Suppliers Code of Conduct contains requirements in the field of compliance to the laws of the applicable legal systems, of maintaining compliance systems and of the suppliers' capacity of demonstrating a satisfactory record of compliance with the laws and widely accepted forms of fairness and human decency in their conduct. The covered areas are: prohibition of corruption & bribery, no unfair business practices, anti-discrimination, no harsh or inhumane treatment, freely chosen employment and prohibition of child labor, freedom of association & collective bargaining, fair working hours, fair wages & benefits, health & safety of employees, environmental protection, supply chain security (AEO and CT-PAT).

The Agfa Supplier Code of Conduct is to be consulted at the website of the company.

GROW,
a new company culture for the future

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 strive for profitable growth. 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 recent years, our company's focus – mainly due to the difficult economic conditions – has been on cost efficiency, debt reduction, optimizing business processes and renewing our product portfolio. This strategy will be maintained, but will be complemented by a new focus on growth. Growth in terms of performance, profitability, sustainability, customer satisfaction, innovation,... This requires a different mindset for all stakeholders.

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 growth story is the creation of the Innovation Office, which enabled us to embed the innovation concept in our organizational structure.

Our KPIs
In 2019, a total of 84 business and HR ambassadors were trained, who will then introduce all people managers in the Agfa sites worldwide to the basics of the new corporate culture. In 2019, 30% of the people managers were already trained, the remainder will follow in 2020. Also in 2020, all employees will be able to become acquainted with the new corporate culture.

3. Health and safety

Material topic 9: Health and safety

The way the company treats its employees in terms of health and safety in relation to production and general health and safety management.

Our values

Agfa attaches great importance to the health and safety of its employees. As such, we strive to control risks as much as possible, ideally preventing any accident or incident. We consider it a moral obligation that everyone takes responsibility for their own safety and that of their colleagues. Unsafe behavior is therefore reacted to immediately, also with regard to visitors, contractors and suppliers: safe working is an absolute must in order to be allowed to work for our company.

In addition, we attach great importance to the correct reporting of every incident, near-accident or accident. Every manager guarantees that every comment will be appreciated and followed up. This is the only way we can investigate and address unsafe situations so that they can be prevented from recurring.

We also believe that a safe working environment contributes to the sustainability and efficiency of the company. To increase safety awareness, we will therefore continue to invest in training and develop user-friendly guidelines that are easy for everyone to follow.

Our approach

Each Agfa-Gevaert facility has health and safety standards to protect employees and third parties in the facility. These standards always comply with all specific legal requirements.

Health and safety information is presented to the management teams on a monthly basis. The Corporate Safety, Health & Environment (SH&E) department discusses this information further and develops actions for improvement. Every year, the SH&E Management Committee evaluates the policy, organization, management system and objectives in the field of safety, health and environment.

The cause of each reported incident, near-accident and accident is investigated so that the most recommended measures can be implemented. Important matters are immediately communicated to all sites as an SH&E alarm and learning point. Cause analyses are carried out to implement specific actions to improve health and safety performance.

Our indicators*

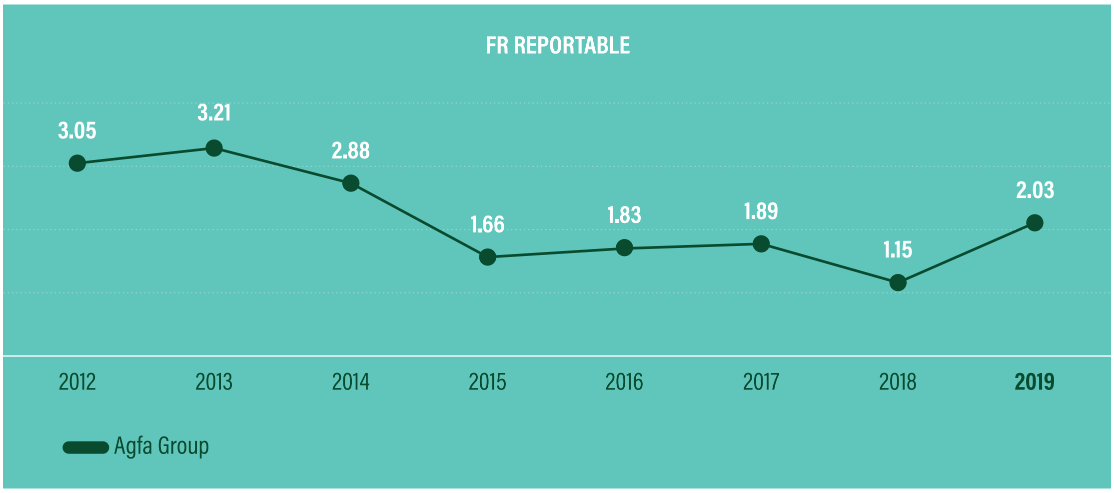
1. Frequency rate (Fg) of reportable accidents for Agfa employees
   Frequency rate = (Number of accidents / Performance hours) * 1,000,000
2. Frequency rate (Fg) of accidents with more than one lost working day
   Frequency rate = (Number of accidents / hours worked) * 1,000,000
3. Degree of severity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

* Figures based on Agfa employees.

Our performance

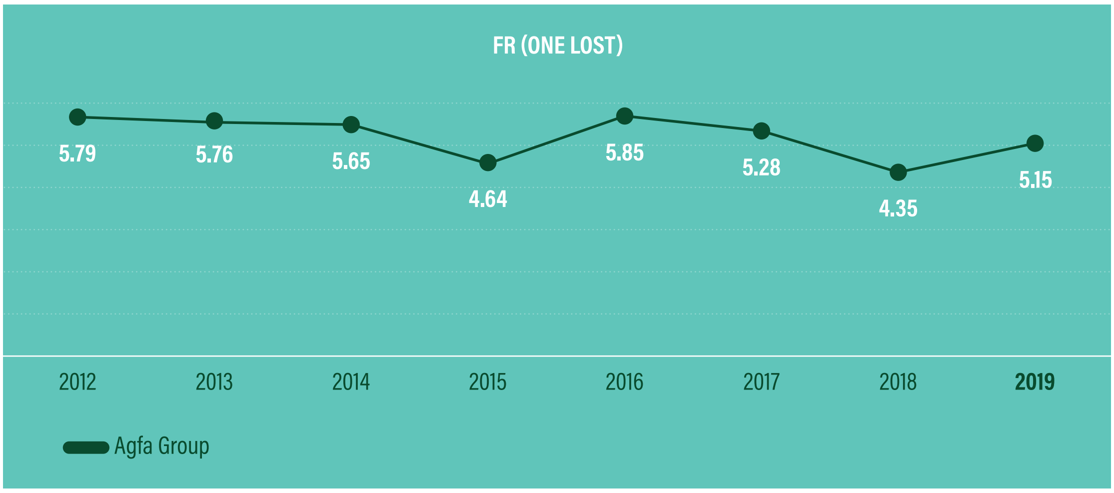
Reportable accidents are accidents that must be reported to the authorities following national and local legislation. As the legislation may differ widely in the different countries where Agfa is present, we try to define a more general definition for the 2020 report in order to create a coherent indicator.

The frequency rate of reportable accidents rose to 2.03 in 2019. However, the long-term trend is still declining. Depending on the location where the accidents occur and the legal reporting requirements applicable there, one can obtain a variation of the figures every year.



The frequency rate of accidents involving more than one lost working day rose slightly to 5.15 in 2019. Nevertheless, the figure remains at the lowest over the last eight years.

In addition, the long-term trend continues to decline. This is explained by the greater influence of the decrease in the number of accidents versus the smaller influence of the decreasing number of hours worked on the frequency rate. All sites have programs in place to prevent accidents as much as possible. Observation rounds on the work floor in particular are the instrument par excellence to closely examine activities and surroundings and to detect unsafe situations and conditions. In our printing plate factories, for example, the number of lost time accidents has been dramatically reduced. Over a period of ten years, the number was reduced from 25 to two. Several sites have achieved zero lost time accidents for years in a row.



The severity rate of accidents involving more than one lost working day remained at almost the same level as in 2018, at 0.118. This represents 874 lost working days.

As in previous years, no workplace fatalities had to be reported.

Performance

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1. Sustainable business solutions and production

Material Topic 10: Sustainable business solutions and production

Including sustainable solutions in the company's product portfolio. The way in which the company ensures that the products that are developed are ecologically and socially responsible and sustainable. Furthermore, the way in which the products are developed in an environmentally friendly way. (Chemical) Products that make a social and/or ecological contribution to society and have a lower environmental impact during the production phase.

Our values

Agfa considers sustainable business solutions and production as essential for the realization of its growth strategy. Each year, the company therefore invests between five and six percent of its turnover in R&D. In addition to developing new products, Agfa is constantly looking for solutions that not only reduce its own ecological footprint, but also that of its customers, a deliberate focus.

Agfa considers the transition from a linear to a circular economy a prerequisite to achieve a sustainable society.

Our approach

Through its sales and service teams, Agfa involves customers and other industry stakeholders in the Company's sustainable business solutions and production process. They are best placed to capture the needs of customers - and by extention of society.
Our approach in this matter runs in parallel with our Innovation and investments approach, as described on the next page, and will be further developed in 2020.

Circular business model for Agfa's printing plates

A few years ago, Agfa was the first in the industry to introduce a circular business model for its aluminum printing plates used in the printing industry.

The new system allows printing plates to be offered to large printing houses in a closed supply system, while the aluminum can be used over and over again without loss of quality.

A study of the carbon footprint of printing plates showed that the production of the aluminum has the greatest impact on the environment. In the meantime, however, there are efficient recycling techniques that allow this impact to be reduced by 70% provided that the printing plates are collected after use on the printing press and sent back to the aluminum producer for recycling. In this respect, a collaborative supply chain between the aluminum supplier, the logistics partner, the printing company and Agfa is extremely important. The techniques used prevent down-cycling (recycling with loss of value) and preserve the intrinsic value of the aluminum as much as possible. With this business model, Agfa complies with the guidelines of the European Commission, which make every effort to achieve a circular economy model. The system has been introduced at those customers that process sufficient volume of printing plates and are also organizationally able to enter this system.

Percentage of recycled aluminum versus total volume of used aluminum	2017	2018	2019
Circular recycling	10.20%	8.60%	8.60%
Recycled aluminum via scrap sale	11.50%	15.40%	18.10%
TOTAL recycled aluminum	**21.70%**	**24.00%**	**26.70%**

ECO³

With its ECO³ program, Agfa is focusing on three crucial advantages that characterize its latest innovations for the printing industry: cost efficiency (economy), ecology and extra ease of use (extra convenience) - ECO³ in short. These three E's will bring added value to all parts of the printing industry. After all, the focus on the ECO³ programme relates not only to the business group's strong prepress portfolio, but also to quality, productivity and efficiency improvements in the customer's print shop.

2. Innovation and investments

Material topic 11: Innovation and investments

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 digitization of the current product portfolio: investing in the provision of digital alternatives to address the declining use of traditional film-based technologies in industrial devices in order to maintain a stable revenue stream.

Our values

Agfa considers innovation as essential for the realization of its growth strategy. Each year, the company therefore invests between five and six percent of its turnover in R&D. In addition to developing new products, Agfa is constantly looking for solutions that not only reduce its own ecological footprint, but also that of its customers, a deliberate focus.

Our approach

Agfa involves its customers and other industry stakeholders in the Company's innovation process through its sales and service teams. They are best placed to capture the needs of customers - and by extention of society.

In defining the company's growth strategy and the associated renewed corporate culture, a great deal of attention was also paid to innovation in 2019. An Innovation Office was set up in January 2019 to involve the entire company in the innovation process. It supports the divisions with a long-term vision on technological evolutions and the identification of market needs and opportunities in growing, adjacent markets where Agfa can leverage its core competencies and assets to create value for our business.

Another task is to stimulate the innovation culture throughout the organization and to create more entrepreneurial behavior. In 2019, the Innovation Office successfully set up a continuous process for gathering ideas. This process has a systematic scoring methodology for selecting, ranking, valuing and prioritizing the submitted ideas.

The scoring methodology takes into account the attractiveness of the market segments, the technical feasibility, the technological gap for Agfa and commercial success factors such as Agfa's competitive position, the potential leverage of our core competencies, the business potential and the alignment in our strategy. The prioritized ideas are evaluated in more detail after which it can be decided whether they can lead to new business opportunities or not.

Areas of prioritized exploration are the use of our software expertise, application and service capabilities to apply to growing segments of the print industry. Together with HP Indigo, Agfa demonstrated at LabelExpo 2019 the possibilities of our general security software as a variable design solution for brand protection and security printing in packaging.

Another area of research is the application of our chemistry expertise and coating capabilities in new applications such as medical diagnostics, food safety, and technological evolutions such as the digitization of artificial intelligence and cloud technology, ...

The evaluation of changing business models (e.g. SaaS) is also an important assessment criterion. This means that innovation in terms of value creation for customers and other stakeholders is at least as important as technological innovation.

Collaboration and open innovation are stimulated to accelerate the introduction of solutions in markets where we are not present today. Collaboration with startup networks is set up to accelerate the exploration and validation of ideas in new applications or unknown markets, but also to stimulate a more entrepreneurial behavior where we encourage learning behavior and encourage employees to dare to leave the comfort zone.

Sustainable and safe healthcare

Agfa uses new technologies and traditional knowledge to create solutions that meet the ever evolving needs of healthcare organizations. Its medical imaging systems provide healthcare providers with new insights. Its IT solutions transcend the boundaries of individual hospitals and form regional networks. Agfa builds on its deep knowledge of imaging technology and clinical needs to provide healthcare professionals with affordable solutions. By supporting them in their transition from analog to digital technology and by seamlessly connecting all stakeholders in the healthcare sector, Agfa helps its customers to improve the quality and efficiency of their patient care.

In order to respond to the important demographic challenges in modern society and to keep healthcare sustainable, Agfa HealthCare strives to play an important role in the emergence of integrated healthcare systems. These systems integrate all healthcare providers, public services and health insurance funds, patients and other stakeholders from entire regions and countries in a virtual network. They collect and analyze data from all stakeholders to predict and prevent potential care-related complications, such as under- and overcapacity in hospitals and medical errors. They can play an important role in the management of chronic diseases and they can make it possible to detect health problems developing in a population at an early stage. In the future, integrated care systems will help to keep healthcare costs under control, increase the efficiency of healthcare providers and improve patient care and patient satisfaction.

In addition, the challenges of modern healthcare require constant vigilance and new ways to ensure the security of data and systems. Hospitals and healthcare providers must protect themselves, their networks, their equipment and, of course, their patients' data. Agfa HealthCare is committed to supporting healthcare providers in protecting the privacy of their patients by providing them with secure products and services.

3,383
PATENTS

At the beginning of 2020, Agfa owned 847 active patent families, together representing 4,365 active patent rights. Of these, 3,383 patents have been granted and 982 are still pending.

Chemistry-free printing plates

Both in the commercial segment and in the newspaper segment of the printing industry, the Offset Solutions division has been able to confirm its strong position in the field of eco-friendly prepress technology in recent years. With these chemistry-free computer-to-plate (CtP) systems, printers can reduce their environmental footprint, lower their operating costs and boost their efficiency. In the commercial segment, Offset Solutions is a technology and market leader with its chemistry-free CtP technology. Also in the newspaper segment, Agfa sets the standard. Over the past decade, more than 90% of our customers in the newspaper segment have already switched to chemistry-free technology.

3. Ethical business conduct & compliance

Material topic 12: Ethical business conduct & compliance

This includes business practices relating to transparency, integrity, corruption, litigation and claims. It should also include the corporate governance of the company.

Our values

It has always been Agfa's conviction that it must assume its full responsibility as a socially responsible company in all countries in which it operates worldwide. The Code of Conduct reflects the company's goal to compete vigorously, independently, ethically and fairly in all its markets. All employees are obliged to respect the rules and concepts contained in the document, as they reflect Agfa's objective to grow in a sustainable way, always taking into account the wishes and well-being of its customers, employees, neighbors and suppliers and of future generations; in short, the wishes and well-being of its stakeholders.

Our approach

Code of Conduct

The Code of Conduct is included as an appendix to the Group's Corporate Governance Charter, which can be found in the Investor Relations section on Agfa's website.

The rules and principles contained in the Code of Conduct are divided into six categories. These principles relate to how the company intends to deal with its employees (work environment, safety, health & environment) and the outside world (bribery, conflicts of interest and insider information, antitrust, intellectual property). However, ethical conduct is not limited to compliance with the text of the Code. The Code of Conduct is a summary of the main principles of daily management, and is therefore not exhaustive. The principles and rules it contains are set out in more detail in the company's policies or in the policies drawn up for the various divisions or subsidiaries. A good example of such a dedicated policy is the Purchasing department policy for its employees on ethical behavior when dealing with suppliers.

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

The Code of Conduct has been translated into the company's main international languages.

The Code of Conduct needs to be read and signed by all top managers (Hay grade 21 and above) joining Agfa. Furthermore, they must (re)acknowledge and (re)sign it every 2.5 years. As in 2018, 100% of the involved managers did (re)sign the Code of Conduct in 2019.

To track and ensure compliance with the principles of the Code, Agfa has implemented whistle-blowing arrangements to deal with any issues that arise. As in 2018, no issues have been reported in 2019.

Bribery and improper payments

Employees of all levels are prohibited from entering into any agreement or understanding, when they reasonably know or should reasonably suspect, that the intent or likely outcome is to make or receive, directly or indirectly, any payment or compensation to employees, officers, government agencies (including the military), ..., suppliers or customers, for decisions and actions in favor of the company.
Improper payments include all possible forms of value assignment and are not limited to the transfer of money. For example, free products and specialty products, services, trips or holidays at the Company's expense may constitute an improper payment just as much as a payment in cash. Acts that are so suspicious are not permitted because they are considered to be customary, either in a certain place or in a certain (business) sector.

Conflict of Interest - insider trading

Employees must be free from any influence by personal interests that may interfere or create the impression that they are interfering with their duties and responsibilities for the Company. Employees' actions must be motivated by the best interests of the Company rather than by any consideration of potential or actual personal benefits.
Thus, employees should not be directly or indirectly involved in situations in which they have a conflict of interest with the Company in which they compete with the Company. Furthermore, they may not use, disclose or share "insider information" or inside information, which is not accessible to the public, with other persons for personal gain, for the benefit of third parties or in a manner contrary to the interests of the Company. An example of this is the trading of shares on the basis of inside information.

Antitrust

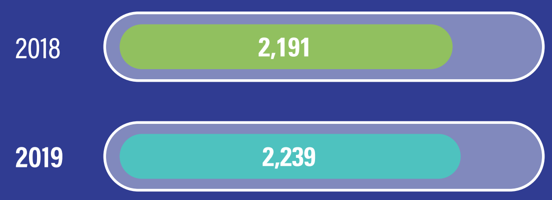
Each associate knows and adheres to the policy of full compliance with the competition laws of the European Union and its Member States, and of the United States of America.

Intellectual property

Agfa owns, has pending applications for and licenses numerous patents covering a variety of products and software systems. Agfa relies on a combination of patent, copyright and trademark laws and secrets, confidentiality procedures, trade secrets, contractual provisions and licensing arrangements to establish and protect its proprietary rights.
On the other hand, the Group has a policy to strictly respect the intellectual property rights of third parties.

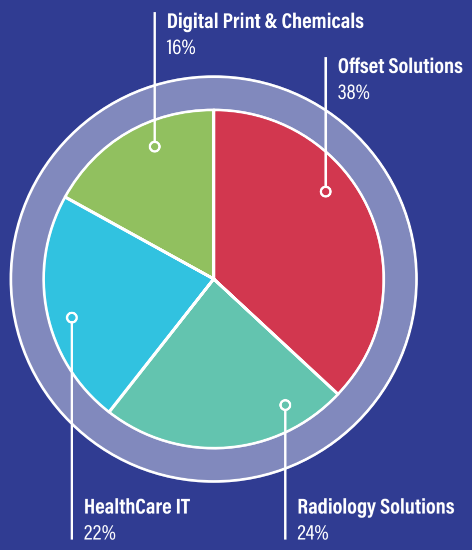
Comments on the Financial Statements

REVENUE (MILLION EURO)

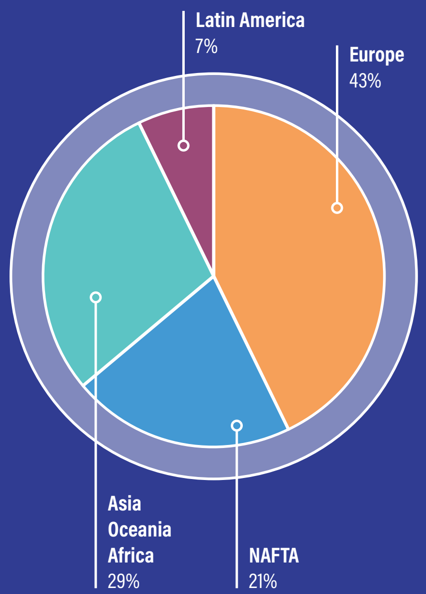


SHARE OF GROUP REVENUE 2019

BY BUSINESS GROUP



BY REGION



Comments on the Consolidated Financial Statements

Revenue

Based on the solid performances of the growth engines and the hardcopy product line, the Agfa-Gevaert Group's top line grew by 2.2% in 2019. As from the second half of the year, the consolidation of the sales coming from the offset alliance with Lucky HuaGuang Graphics also started to show in the Group's top line.

HealthCare IT

The HealthCare IT division's top line increased by 3.0%. Throughout the year, the Health-Care Information Solutions business continuously recorded solid top line growth, confirming its leading position in the German speaking countries of Europe and in France. For the Imaging IT Solutions business, the division focuses on generating 'quality turnover' in selected geographies and segments to further improve profitability. In spite of the decision to wind down the Imaging IT Solutions from certain less sustainable markets and segments, this business' top line remained stable versus the previous year.

Radiology Solutions

In the Radiology Solutions division, the top line growth of the hardcopy and Direct Radiography ranges was partly counterbalanced by the market-driven decline in Computed Radiography sales. Clearly benefiting from the reorganization of the distribution channels in China, the hardcopy business posted double-digit revenue growth. The top line growth of the innovative Direct Radiography solutions range was also based on increased service revenues.

Digital Print & Chemicals

Based on its strong performance of its core businesses, the Digital Print & Chemicals division's topline increased by 5.5%.
In inkjet, the ink product ranges posted volume and revenue growth. Large-format equipment sales were also up, based on the success of high-end systems such as the Jeti Tauro H3300 LED.
In the Industrial Films and Foils segment, the Synaps Synthetic Paper range performed well, as Agfa's paper range is being distributed in an increasing number of geographies. The Electronic Print segment's Orgacon Electronic Materials range also reported good sales figures. Furthermore, the division is making progress in a number of promising new business areas. For instance, the rise of the hydrogen economy is leading to an increased interest in Agfa's membranes for alkaline water electrolysis.

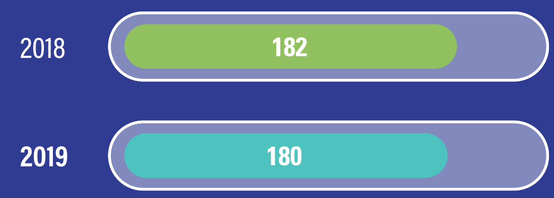
Offset Solutions

The Offset Solutions division's revenue remained almost stable at 843 million Euro. Mid 2019, the consolidation of the sales coming from the alliance with Lucky HuaGuang Graphics started to show in the division's top line.
The Offset Solutions division is active in structurally declining markets. The offset industry is marked by the strong decline in demand for analog prepress technology and decreasing newspaper and commercial print volumes. The division also continues to face price pressure, caused by intense competition, as well as high aluminum costs. Going forward, new challenges such as the corona virus outbreak could also affect the division's results. The developments in the offset industry explain the booking of an impairment loss by the Group in the fourth quarter.

With 38% of revenue, Offset Solutions is the largest division. Radiology Solutions represents 24%, HealthCare IT 22% and Digital Print & Chemicals 16% of Group sales.

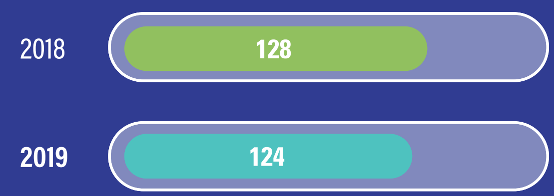
In 2019, Europe accounted for 43% of Group revenue (2018: 44%). NAFTA represents 21% (2018: 24%), Asia/Oceania/Africa 29% (2018: 25%) and Latin America 7% (2018: 7%).

ADJUSTED EBITDA [1] (MILLION EURO)



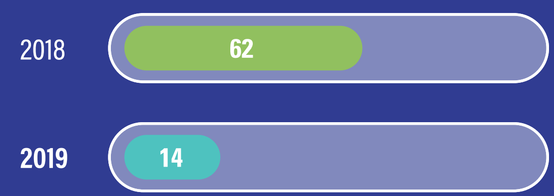
(1) Before restructuring and non-recurring items.
Excl. IFRS 16

ADJUSTED EBIT [1] (MILLION EURO)

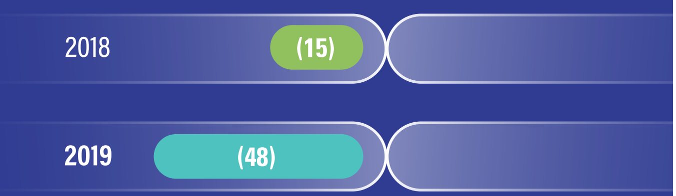


(1) Before restructuring and non-recurring items.
Excl. IFRS 16

RESULT FROM OPERATING ACTIVITIES (MILLION EURO)



RESULT FOR THE PERIOD (MILLION EURO)



Results

The Group's gross profit before restructuring and non-recurring items grew from 710 million Euro (32.4% of revenue) in 2018 to 729 million Euro (32.6% of revenue).

HealthCare IT's gross profit margin improved strongly from 44.2% of revenue in 2018 to 46.6%. Significant service efficiency improvements, strong software sales and the decision to refocus the Imaging IT Solutions business had a positive effect on profitability. Excluding the effects of IFRS 16, adjusted EBITDA increased from 48.7 million Euro (9.9% of revenue) in 2018 to 63.2 million Euro (12.5% of revenue). Adjusted EBIT reached 48.6 million Euro (9.6% of revenue), versus 34.4 million Euro (7.0% of revenue) in the previous year.

Partly due to improved service efficiencies and the effects of the reorganization of the hardcopy distribution channels, Radiology Solutions' gross profit margin increased from 34.7% of revenue in 2018 to 37.4%. Excluding the effects of IFRS 16, adjusted EBITDA increased from 72.7 million Euro (14.1% of revenue) in 2018 to 88.5 million Euro (16.5% of revenue). Adjusted EBIT reached 72.0 million Euro (13.4% of revenue), versus 59.8 million Euro (11.6% of revenue) in the previous year.

Digital Print & Chemicals' gross profit margin improved from 27.7% of revenue in 2018 to 28.4%. Excluding the effects of IFRS 16, the division's adjusted EBITDA reached 29.3 million Euro (8.2% of revenue), versus 34.0 million Euro (10.1% of revenue) in 2018. Adjusted EBIT amounted to 22.3 million Euro (6.3% of revenue), versus 28.1 million Euro (8.4% of revenue). As the main effect of the strategic alliance for UV digital packaging inks with Siegwerk Druckfarben has come to an end, the 2019 adjusted EBITDA margin was negatively influenced. Excluding this effect, the adjusted EBITDA margin would have increased substantially.

The Offset Solutions division's gross profit margin decreased from 26.1% of revenue in 2018 to 22.9% in 2019. Part of the decrease was due to the dilutive effect related to the consolidation of the sales coming from the Lucky alliance. In addition, adverse product and regional mix effects, increased idle time due to overcapacity and high aluminum costs also impacted the gross profit margin. Excluding the effects of IFRS 16, adjusted EBITDA amounted to 16.5 million Euro (2.0% of revenue), versus 41.0 million Euro (4.8% of revenue) in 2018 and adjusted EBIT amounted to minus 1.4 million Euro (minus 0.2% of revenue), versus 19.7 million Euro (2.3% of revenue).

R&D expenses amounted to 148 million Euro (6.6% of revenue) in 2019, versus 141 million Euro (6.4% of revenue) in 2018. This clearly shows the Group's commitment to develop innovative solutions that offer healthcare providers, printers and industrial customers significant value.

Excluding the effects of IFRS 16, adjusted EBITDA remained stable at 180 million Euro (8.1% of revenue). Adjusted EBIT reached 124 million Euro (5.5% of revenue), versus 128 million Euro (5.8% of revenue) in 2018.

Restructuring and non-recurring items (incl. IFRS 16) resulted in an expense of 112 million Euro, versus an expense of 66 million Euro in 2018. This amount includes an impairment loss of 66.7 million Euro that was booked to reflect the evolution of the offset industry.

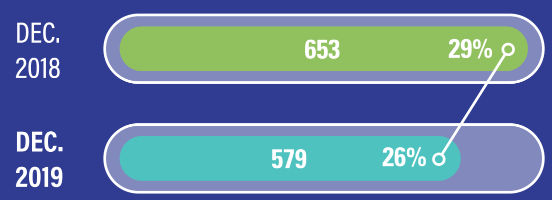
The net finance costs (including IFRS 16) amounted to 38 million Euro in 2019, versus 39 million Euro in 2018.

Income tax expenses (including IFRS 16) amounted to 28 million Euro, versus 34 million Euro in 2018.

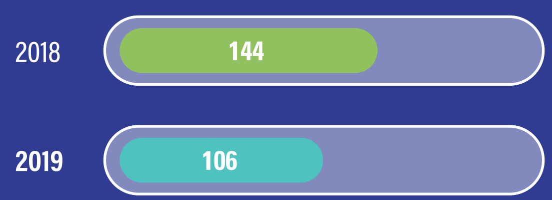
As a result of the elements mentioned above, the Agfa-Gevaert Group posted a net result of minus 48 million Euro (including IFRS 16).

STATEMENT OF FINANCIAL POSITION (MILLION EURO)

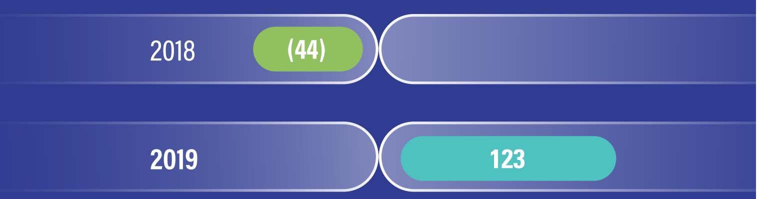
TRADE WORKING CAPITAL (MILLION EURO/% OF SALES)



NET FINANCIAL DEBT (MILLION EURO) EXCL. IFRS 16



NET CASH FROM OPERATING ACTIVITIES (MILLION EURO)



Statement of financial position

At the end of 2019, total assets were 2,294 million Euro (comprising right-of-use assets compliant with the new accounting standard on leases: 110 million Euro at the end of 2019), compared to 2,367 million Euro at the end of 2018.

Trade working capital

Trade working capital moved from 653 million Euro (29% of sales) at the end of 2018 to 579 million Euro (26% of sales) at the end of 2019.

Financial debt

Net financial debt amounted to 106 million Euro (excluding the impact of IFRS 16), versus 144 million Euro at the end of 2018.

Pension liabilities

In 2019, the Agfa-Gevaert group took additional measures to reduce the risks related to pension liabilities. In 2019 the group completed a two-year program consisting of several pension de-risking initiatives in the US and UK. In spite of these measures, in 2019 the net pension liabilities for the material countries, excluding defined contribution plans with return guaranteed by law increased by 67 million Euro, mainly because of the decreased discount rate.

Equity

In 2019, equity amounted to 130 million Euro, against 290 million Euro at the end of 2018.

Cash flow

In 2019, net cash from operating activities amounted to 123 million Euro, versus minus 44 million Euro in 2018.

Conclusion

In 2019, the Agfa-Gevaert Group generated strong cash flows and a dedicated program allowed it to substantially decrease the working capital. As a result, the net financial debt (excluding the impact of IFRS 16) decreased by 38 million Euro, in spite of the implementation of pension de-risking measures. Both the Radiology Solutions division and the HealthCare IT division delivered profitable growth. Excluding the fading of the positive effects of the alliance with Siegwerk, the core businesses of the Digital Print & Chemicals division were also able to substantially improve their profitability. As a result, the Agfa-Gevaert Group recorded a gross profit increase and a stable adjusted EBITDA in spite of the deteriorated conditions in the offset markets.
The Agfa-Gevaert Group was able to generate strong cash flows and all divisions but Offset Solutions delivered underlying profit growth. In the next quarters, Agfa will focus on its actions to tackle the offset headwinds and on facilitating our growth engines to realize their full potential.

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 12, 2020, 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 2018 of 407,391,095.73 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 96, 6° of the Code of Companies 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 407,391,095.73 Euro. As a result, the result carried forward will amount to minus 225,526,473.25 Euro.

Explanation of the most significant entries of the Annual Accounts

In 2019, the Company achieved a revenue of 427.5 million Euro. This means a decrease of 1.1% compared to the revenue of 2018 (432.1 million Euro). The decrease was mainly caused by an increase of the sales prices (+2.0%), a decrease of the volume/mix (-4.7%) and a positive currency exchange rate difference (+1.6%).

The 2019 operating profit amounts to 3.7 million Euro. This represents an increase of 5.9 million Euro compared to 2018.

The financial result deteriorated with 286.6 million Euro compared to 2018, resulting in a loss from operating activities before taxes of 407.9 million Euro versus a loss of 127.2 million Euro in 2018.

After income taxes (2019: 0.5 million Euro, 2018: 0.4 million Euro), the loss for the book year amounts to 407.4 million Euro (2018: -126.8 million Euro). This is a decrease of 280.6 million Euro compared to 2018.

In 2019, the Company spent an amount of 11.2 million Euro on research and development in Belgium.

In 2019, the number of Agfa-Gevaert NV employees in Belgium decreased by 57 to 2,074 employees on December 31, 2019. This decrease is the result of the recruitment of 76 new employees and 133 employees leaving the Company.

In 2019, the permanent establishment of the Company in the UK booked a loss of 13.2 million Euro.

Business activities in 2019

Radiology Solutions

HealthCare IT

Offset Solutions

Digital Print & Chemicals

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 the migration process from analog to digital, Agfa helps its customers to improve the quality and efficiency of their patient care. Every single day, Agfa proves that medical imaging is in its DNA.

Radiology Solutions in 2019

In the Radiology Solutions division, the top line growth of the hardcopy and Direct Radiography ranges was partly counterbalanced by the market-driven decline in Computed Radiography sales. Clearly benefiting from the reorganization of the distribution channels in China, the hardcopy business posted double-digit revenue growth. The top line growth of the innovative Direct Radiography solutions range was also based on increased service revenues.

Partly due to improved service efficiencies and the effects of the reorganization of the hardcopy distribution channels, the division's gross profit margin increased from 34.7% of revenue in 2018 to 37.4%. Excluding the effects of IFRS 16, adjusted EBITDA increased from 72.7 million Euro (14.1% of revenue) in 2018 to 88.5 million Euro (16.5% of revenue). Adjusted EBIT reached 72.0 million Euro (13.4% of revenue), versus 59.8 million Euro (11.6% of revenue) in the previous year.

MILLION EURO	**2019 (excl. IFRS 16)**	2018 Restated (excl. IFRS 16)	% change (excl. currency effects)
Revenue	**536**	514	4.2% (3.2%)
Adjusted EBITDA (*)	**88.5** (**)	72.7	21.7%
% of revenue	16.5%	14.1%	
Adjusted EBIT (*)	**72.0** (**)	59.8	20.4%
% of revenue	13.4%	11.6%	
Results from operating activities	**63.7**	52.2	22.1%

(*) Before restructuring and non-recurring items
(**) 2019 Adjusted EBITDA including IFRS 16: 97.1 million Euro
2019 Adjusted EBIT including IFRS 16: 72.4 million Euro

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 also 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. Many hospitals combine CR and DR technologies to cover all their X-ray imaging needs. As a technology leader in both areas, Agfa is in a unique position to offer tailor-made solutions to healthcare facilities planning to invest in digital imaging.

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

60%

By using Agfa's DR solutions and MUSICA software, radiologists can reduce the X-ray dose by up to 60%. [1]

440,000

Agfa has installed over 7,500 DR systems all over the world.

Together, they account for over 440,000 imaging exams per day.

(1) 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 of 50 to 60%, compared to traditional Barium Fluoro Bromide CR systems. Contact Agfa for more details.

Small patients, big priority

Children are more sensitive to radiation and its cumulative effects than adults. Therefore, they benefit even more from the fact that Agfa's digital radiography solutions are designed according to the ALARA principle (as low as reasonably achievable) to deliver the optimum balance between low radiation dose and high image quality.

Product of the year

Agfa received the prestigious Frost & Sullivan 2019 Global New Product Innovation Award for its DR 800 Multi-Purpose DR system. The DR 800 system delivers radiography, fluoroscopy and advanced clinical applications in a single investment. Research and consulting firm Frost & Sullivan praised Agfa's DR 800 for streamlining imaging workflows and improving productivity and patient care.

Commercial successes

In 2019, Agfa signed numerous eye-catching contracts with hospitals and hospital groups all over the world. At the end of the year, Agfa had a global installed base of over 69,000 DRYSTAR hardcopy printers and 81,500 digital radiography solutions, all with its leading MUSICA Nerve Center and image processing software.

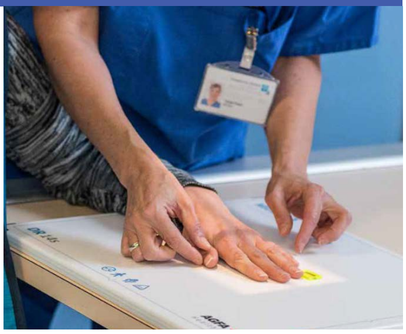
Radiology Solutions **Customer cases**

Médecins Sans Frontières (MSF) Logistique

MSF Logistique selected Agfa to provide 20 wireless DR Retrofit systems that will be used to upgrade the existing analog mobile X-ray systems used in the TB-Speed project. The TB-Speed program aims to find cost-effective ways to wipe out childhood tuberculosis in at-risk areas of the world, including Sierra Leone, Ivory Coast, Cameroon, Zambia, Uganda, Mozambique and Cambodia.

"Agfa's DR solutions, including the MUSICA image processing software, will play an important role in this project, offering a high detectability of TB with high-quality images, especially for pediatric chest curves."

Doris A-Hilares, MSF Logistique



Chesapeake Regional Medical Center (USA)

Agfa installed a DR 800 multipurpose X-ray room at Chesapeake Regional Medical Center. The hospital chose Agfa's system for its flexibility, usability and image quality. One investment enables the hospital to carry out radiology, fluoroscopy and minor interventional procedures in one room. The solution includes Dynamic MUSICA image processing, for both static and moving images.

"The DR 800 is increasing our patient throughput, while maximizing the use of the room. Workflow is smoother, and the image quality is excellent."

Marcus Foster, Director of Radiology Services at Chesapeake Regional Medical Center

Kostanay region of Kazakhstan

Agfa's partnership with the Kostanay region of Kazakhstan was extended in 2019. In 2019, Agfa delivered seven DX-D 300 DR systems to cities and regional hospitals in the region. In 2019, four additional units were installed in hospitals in more remote areas. Like all of Agfa's DR systems, the DX-D 300 unit comes with the MUSICA Nerve Center, which offers a single interface for smooth and efficient imaging, and MUSICA image processing.

"After Agfa's DX-D 300 was put into operation, the throughput capacity of our X-ray room almost doubled. The images are immediately available and the image quality is very high."

A.H. Ospanov, radiographer at Zhemchuzhina hospital

HealthCare IT

A pioneer in IT systems for the healthcare market

A pioneer in healthcare IT since the 1990s, HealthCare IT supports care providers and assists their health professionals across departments, sites and networks to deliver quality care and make intelligent decisions for their communities and populations. As a leading health IT company with a truly global footprint, the division offers care organizations the tools to improve the overall efficiency and quality of their patient care.

HealthCare IT in 2019

The HealthCare IT division's top line increased by 3.0%. Throughout the year, the HealthCare Information Solutions business continuously recorded solid top line growth, confirming its leading position in the German speaking countries of Europe (DACH) and in France. For the Imaging IT Solutions business, the division focuses on generating 'quality turnover' in selected geographies and segments to further improve profitability. In spite of the decision to wind down the Imaging IT Solutions from certain less sustainable markets and segments, this business' top line remained stable in 2019 versus 2018.
The gross profit margin improved strongly from 44.2% of revenue in 2018 to 46.6% in 2019. Significant service efficiency improvements, strong software sales and the decision to refocus the Imaging IT Solutions business had a positive effect on profitability. Excluding the effects of IFRS 16, adjusted EBITDA increased from 48.7 million Euro (9.9% of revenue) in 2018 to 63.2 million Euro (12.5% of revenue). Adjusted EBIT reached 48.6 million Euro (9.6% of revenue), versus 34.4 million Euro (7.0% of revenue) in the previous year.

In January 2020, the Agfa-Gevaert Group and Dedalus signed an agreement under which the Italian company Dedalus will acquire Agfa's Healthcare Information Solutions (EPR/EMR) and Integrated Care activities (HIE/PHM) in the regions DACH, 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 three geographies. Agfa's Healthcare IT Imaging Solutions business, which includes Agfa's IMPAX and Enterprise Imaging solutions (PACS, RIS, CVIS, VNA, Viewer, etc.), in all other geographies, is not affected by this agreement.

MILLION EURO	**2019 (excl. IFRS 16)**	2018 Restated (excl. IFRS 16)	% change (excl. currency effects)
Revenue	**505**	490	3.0% (1.6%)
Adjusted EBITDA (*)	**63.2 (**)**	48.7	29.8%
% of revenue	12.5%	9.9%	
Adjusted EBIT (*)	**48.6 (**)**	34.4	41.1%
% of revenue	9.6%	7.0%	
Revenue from operating activities	**39.7**	21.2	87.7%

(*) Before restructuring and non-recurring items
(**) 2019 Adjusted EBITDA including IFRS 16: 78.6 million Euro
2019 Adjusted EBIT including IFRS 16: 49.7 million Euro

Imaging IT Solutions Business

Agfa HealthCare's Imaging IT Solutions equal reliability and efficiency for care providers around the world. After the introduction of digital radiography in the early 1990's, Agfa HealthCare became one of the first companies to supply radiology departments with its Picture Archiving and Communication Systems (PACS) to efficiently store, manage, process and distribute digital medical images from various imaging modalities. These are often linked to specialized information systems, such as Radiology Information Systems (RIS).
Based on its experience in radiology, Agfa HealthCare started developing a number of imaging IT solutions for other hospital departments that work intensively with medical images, including cardiology, orthopedics and nuclear medicine, as well as for certain specialized medical disciplines, such as women's care and digital pathology.

Whereas PACS and RIS solutions were originally linked to one hospital department, care organizations are now seeking imaging IT solutions that ensure that all clinically relevant images find their way to the patient's Electronic Health Record.

HealthCare IT anticipated this demand with its Enterprise Imaging Platform, which creates a true imaging record for every patient, containing all possible images of the patient, regardless of the department and the facility that created them. This consolidated clinical alignment of imaging data makes images and related data 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 diagnosis, enhances patient care and drives the health systems' business, clinical and operational excellence.

Agfa customers have consistently high outcomes

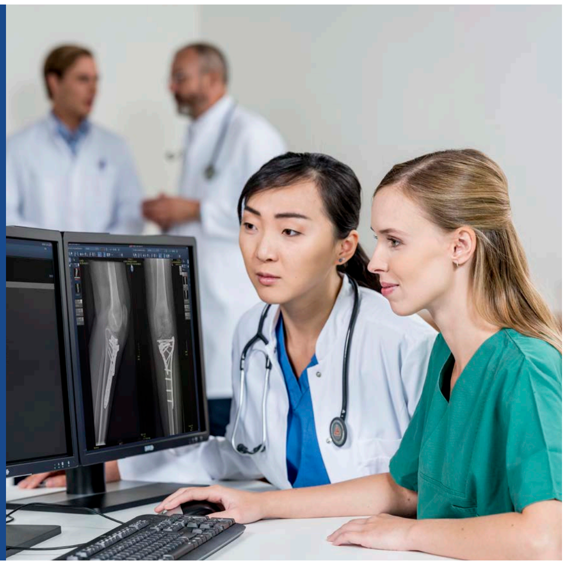
The 2019 Enterprise Imaging report by KLAS [1] states that early adopters of the Enterprise Imaging platform report strong strategic involvement. Another finding in the report states Agfa customers have consistently high outcomes. KLAS is a research and insights firm aiming at improving healthcare delivery. Its reports are based on feedback from healthcare organizations and clinicians.

(1) Selected commentary collected about Agfa HealthCare, KLAS® Enterprise Imaging 2019, © 2020 KLAS. Visit klasresearch.com for a complete view.

450+

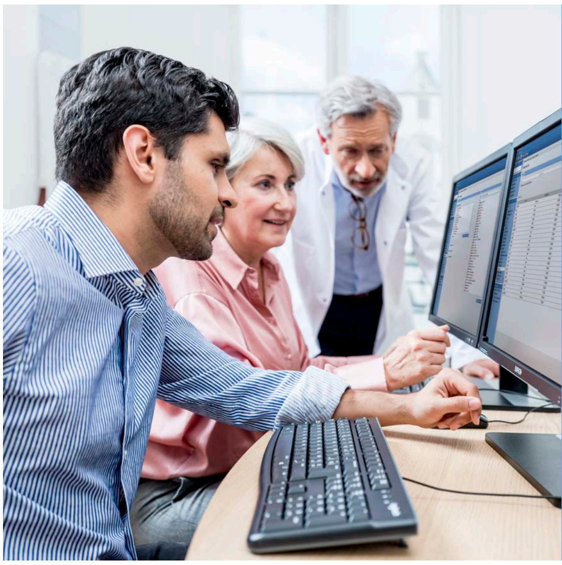
HealthCare IT's Enterprise Imaging Platform is live in over 450 healthcare sites across the world.

Yearly number of images: 8 billion
Yearly number of studies: 64 million



Healthcare Information Solutions

Going beyond imaging, HealthCare IT has established itself as a leading player in the fast growing market for comprehensive enterprise-wide IT systems. HealthCare IT's leading Hospital Information System (HIS)/Clinical Information System (CIS) ORBIS, connects medical departments and administrative departments of hospitals into one virtual network. It offers immediate and complete access to all relevant patient information – including medical images, and clinical and administrative data – enabling quicker diagnosis and treatment. Furthermore, it supports administration, billing, planning of appointments and examinations, as well as financial reporting. The system can serve as a base for a full-blown Electronic Patient Record (EPR). In short, ORBIS is designed to help care facilities to increase productivity, improve the delivery of care and save cost. HealthCare IT's step by step approach enables care organizations to implement the HIS/CIS solutions at their own pace, allowing the solution's various modules to be installed separately, tailored to the needs of the customer.



1,350

At the end of 2019, HealthCare IT's ORBIS HIS/CIS solution was installed at over 1,350 care facilities across Europe.

Another important system in HealthCare IT's Healthcare Information Solutions offering is its Enterprise Content Management solution. It enables hospitals and care facilities of all sizes to integrate all their paper-based and electronic documentation, creating a complete digital archive of patient records. The solution reduces the need for physical archiving space, cuts down information retrieval time and reduces associated costs.

Integrated Care Solutions

Over the past few years, Agfa HealthCare has taken strategic steps to enter the Integrated Care market. Integrated Care is generally regarded as a key element in the efforts to keep healthcare systems sustainable. Integrated Care solutions support collaboration across the borders of care organizations and medical disciplines. They enable hospitals to actively engage with all stakeholders in the expanded care process, including physicians, informal care-givers and patients. As such, they allow patients to become real partners in their own care process. These solutions should measurably improve the quality of care and the patients' care experience, whilst reducing the demand on costly and resource-intensive emergency and hospital services.

Commercial successes

Healthcare Information Solutions

In 2019, Agfa HealthCare confirmed its leading position in Europe (mainly in France and the German speaking countries) with its ORBIS Hospital Information Systems (HIS)/Clinical Information Systems (CIS) and its enterprise content management solution. At the end of 2019, the ORBIS HIS/CIS solution was installed at over 1,350 care facilities across Europe. The installed base for Agfa HealthCare's enterprise content management solution also continued to grow, with several new installations in Europe and the Americas.

Integrated Care Solutions

Agfa HealthCare strives to become a key player in the Integrated Care sector of the healthcare market. After taking its first steps in this area in 2016, Agfa HealthCare signed several Integrated Care contracts in the following years.

Imaging IT Solutions

AdventHealth, ranked by US News and World Report as the "#1 Hospital in Florida," has relied on technology from Agfa HealthCare for over 20 years to support their mission of Extending the Healing Ministry of Christ. AdventHealth leadership has been growing the system throughout the nine states in which it operates and sought a means to quickly standardize quality patient care when bringing new hospitals into their network. They found their solution in the Agfa HealthCare Enterprise Imaging Platform and its convergence technology. AdventHealth is upgrading to deliver converged local and collaborative services in their Radiology, Mammography, and other expanding service lines.

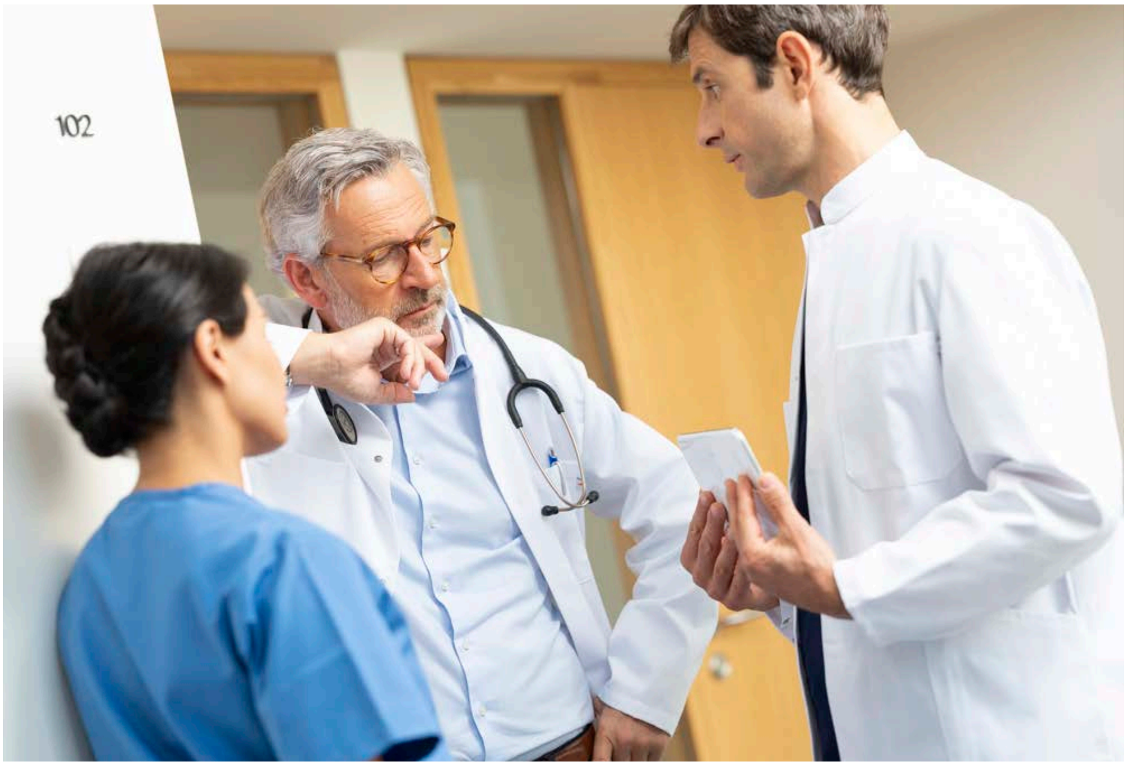
HealthCare IT **Customer cases**

Noordwest Ziekenhuisgroep (the Netherlands)

The Dutch Noordwest Ziekenhuisgroep decided to replace both its existing Agfa HealthCare radiology picture archiving and communication system and the image management system used for other image-producing departments, with Agfa HealthCare Enterprise Imaging. The unified Enterprise Imaging platform manages all images within the hospital group, providing clinicians with quick access from their EMR (electronic medical record) environment.

"We see clear and substantial benefits from having a single solution for managing and storing all medical images generated in our different sites. The integration capabilities of the open Enterprise Imaging platform further facilitate the use of the EMR for our specialists."

Ed de Myttenare, CIO of Noordwest Ziekenhuisgroep



Princess Alexandra Hospital NHS Trust (UK)

Agfa HealthCare installed its Enterprise Imaging for Radiology platform across the three sites of the Princess Alexandra Hospital NHS Trust (PAHT). The solution assists the radiology department of the Trust in coping with the growing demand on its services. The installation of the Enterprise Imaging platform resulted in a 45% increase in productivity, reducing all radiology backlogs to zero and allowing live reporting which brings significant benefits to patients and the Trust.

"Enterprise Imaging has enabled us to increase productivity by 45%, we have improved workflows and communication within our teams, we are upskilling our staff and we have a happier workforce. This has all led to enormous benefits for our patients in terms of better, faster and more hands-on care."

Stephen Townrow, Imaging Systems Manager at PAHT

Assistance Publique - Hôpitaux de Paris (AP-HP) (France)

AP-HP is installing Agfa HealthCare's ORBIS solution at the Robert Debré pediatric hospital. When the installation is finished, all 39 AP-HP hospitals will share one, unified ORBIS hospital information system. With over 75,000 professionals working with ORBIS, the AP-HP project is one of the most ambitious healthcare IT deployments in the world.

Saolta University Healthcare Group (Republic of Ireland) Altnagelvin Area Hospital (Northern Ireland, UK)

Agfa HealthCare's health management platform has been selected to support the joint Radiotherapy Treatment Project of the Saolta University Healthcare Group and Altnagelvin Hospital, part of Western Health and Social Care Trust. This cross-border project enables patients from County Donegal (Republic of Ireland) to access radiotherapy services at the nearby Altnagelvin Hospital in Derry (Northern Ireland).

"When you're told you have cancer, it's not a light thing. Without this project, I would have had to leave home for eigth weeks to get treatment because of the distance. Now, I can do my radiotherapy across the border in Derry, less than one hour away from home."

Patrick McArdle, patient

Digital Print & Chemicals

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

Digital Print & Chemicals in 2019

Based on the strong performance of its core businesses, the Digital Print & Chemicals division's top line increased by 5.5%.

In Inkjet, the ink product ranges posted volume and revenue growth. Large-format equipment sales were also up, based on the success of high-end systems such as the Jeti Tauro H3300 LED. Additionally, the division made progress in the promising Industrial Inkjet segment, in particular in flooring and leather printing.

In the Industrial Films and Foils segment, the Synaps Synthetic Paper range performed well, as Agfa's paper range is being distributed in an increasing number of geographies. The Electronic Print segment's Orgacon Electronic Materials range also reported good sales figures. Furthermore, the division is making progress in a number of promising new business areas. For instance, the rise of the hydrogen economy is leading to an increased interest in Agfa's membranes for alkaline water electrolysis.

The division's gross profit margin improved from 27.7% of revenue in 2018 to 28.4%. Excluding the effects of IFRS 16, the division's adjusted EBITDA reached 29.3 million Euro (8.2% of revenue), versus 34.0 million Euro (10.1% of revenue) in 2018. Adjusted EBIT amounted to 22.3 million Euro (6.3% of revenue), versus 28.1 million Euro (8.4% of revenue). As the main effect of the strategic alliance for UV digital packaging inks with Siegwerk Druckfarben has come to an end, the 2019 adjusted EBITDA margin was negatively influenced. Excluding this effect, the adjusted EBITDA margin would have increased substantially.

MILLION EURO	2019 (excl. IFRS 16)	2018 Restated (excl. IFRS 16)	% change (excl. currency effects)
Revenue	**355**	337	5.5% (4.1%)
Adjusted EBITDA (*)	**29.3 (**)**	34.0	-14.0%
% of revenue	8.2%	10.1%	
Adjusted EBIT (*)	**22.3 (**)**	28.1	-20.7%
% of revenue	6.3%	8.4%	
Results from operating activities	**17.8**	**20.6**	-13.4%

(*) Before restructuring and non-recurring items
(**) 2019 Adjusted EBITDA including IFRS 16: 32.7 million Euro
2019 Adjusted EBIT including IFRS 16: 21.3 million Euro

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

410 m²/h

Agfa's flagship Jeti Tauro H3300 LED printer produces quality UV-cured prints up to 3.3 m wide at up to 410 m²/h.

3,000

By the end of 2019, over 3,000 Anapurna and Jeti printers were installed at customer sites all over the world.

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

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

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

Agfa partners with UNILIN

At the InPrint 2019 trade show, Agfa and UNILIN showed their jointly developed solution for high-volume, high speed production printing of laminate flooring and furniture. The solution is based on conventionally coated primers from UNILIN and perfectly matched Agfa inkjet inks.

Award-winning equipment

At the FESPA 2019 trade show, Agfa received an EDP Award for its Jeti Tauro H3300 LED inkjet printer. The European Digital Press Association valued Agfa's system as the 'Best Flatbed/Hybrid Printer >250m²/h' in the 'Large & Wide Format Printing systems' category.

Agfa's Jeti Mira 2732 HS LM LED printing system was named as the winner of the 2019 Product of the Year award by the Specialty Graphic Imaging Association (SGIA) in the UV/Latex Flatbed ($200,000-$500,000) category.

GREENGUARD Gold

Agfa's UV LED inkjet ink sets for sign & display printing have received the GREENGUARD Gold certification. The 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.

The certification means that Agfa's inks are acceptable for use in sensitive indoor environments like schools and healthcare facilities. They are perfectly safe to be used for prints that cover all walls of a room.

UL
GREENGUARD
PRODUCT CERTIFIED FOR
LOW CHEMICAL EMISSIONS
UL.COM/GG
UL 2818
GOLD

Commercial successes

In 2019, the Anapurna and Jeti wide-format print engines continued to convince sign & display printers all over the world of their excellent print quality and high production speeds. The dedicated Asanti workflow software – which streamlines operations and guarantees color consistency – is often named by customers as an important advantage over the competition.

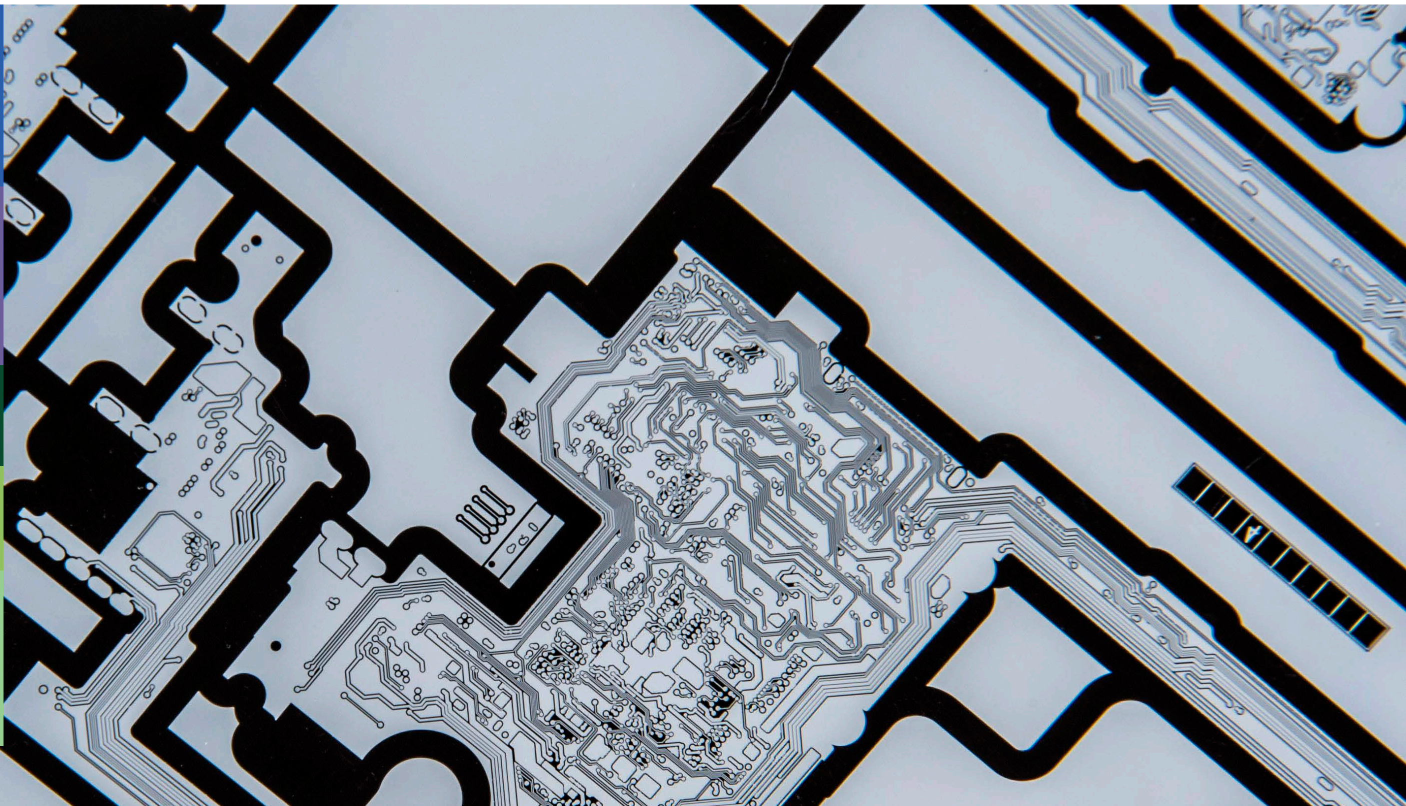
Besides hardware and software, Agfa also supplies a range of UV LED inks with which its sign & display customers can produce high-quality prints on a wide variety of rigid and flexible substrates. In addition to its inks for sign & display customers, Agfa also markets a unique range of high-performance UV-curable inks and water based inks for a broad range of industrial applications. The number of system integrators, OEM customers and other manufacturing specialists that use Agfa's inks continued to grow steadily in 2019.

Chemicals: innovative solutions for industrial applications

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

Materials for Printed Electronics: Agfa is a recognized expert in the field of conductive polymers for use in antistatic protection layers for films and components. Based on these products, Agfa has further developed its conductive Orgacon product line of printing inks, pastes and formulations for use in electronic devices and in – among other applications – capacitive sensors, touch screens and membrane switches. Orgacon will also be a key material for the production of polymer capacitors for the future 48 volt automotive applications. Agfa's portfolio includes highly innovative nanosilver inks for the production of rigid and flexible printed electronic circuitry. Typical applications are printed RFID antennas and touch sensors. Continuing the trend of the previous years, the Orgacon product line reported strong revenue growth in 2019.

Materials for Printed Circuit Boards: Agfa is the 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 register the extremely thin conductive lines on printed circuit boards. 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.



NR.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.

Materials for Renewable Energy: Agfa manufactures and markets flat sheet membranes for the production of hydrogen. Zirfon Perl is a high yield separator membrane for use in alkaline water electrolysis systems (separating water into oxygen and hydrogen) with exceptional durability in both continuous and discontinuous mode. It is rapidly growing to become the preferred choice of major research institutes and system developers as the replacement material for the traditional structures that include PPS cloth or asbestos.

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

Distribution agreement with Fujitex

In 2019, Agfa and Fujitex signed an agreement for the distribution of Agfa's Synaps papers in Japan. The agreement confirms the worldwide growing acceptance of Synaps and contributes to the further growth of Agfa's synthetic paper business.

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.

Absolutely secure, absolutely smart

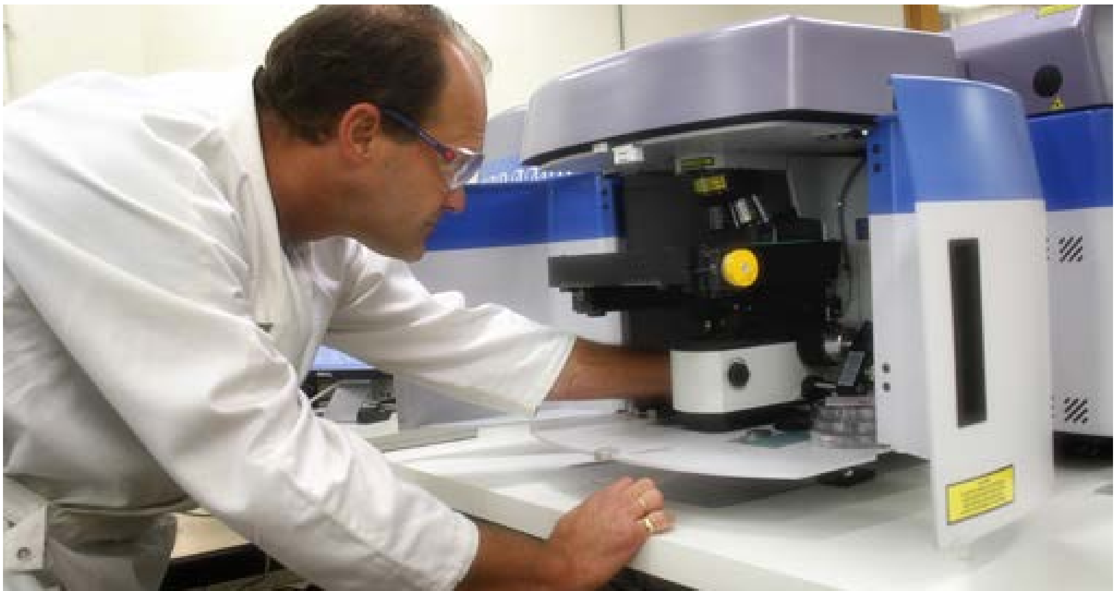
Co-developed with the French company LCYS, ABSOLUT-ID presents card manufacturers with an integrated and turn-key security card manufacturing solution. It builds on Agfa's proven and secure personalization technology with standard card features in one single roll-to-card production process.

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. Agfa now acts as the exclusive manufacturer of NDT X-ray films and related chemicals to Baker Hughes GE.

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.



Agfa-Labs

Since 2011, Agfa-Labs is offering Agfa's R&D competences to third parties. From the beginning, emphasis was mainly on advanced analytical services. Lately, however, other capabilities turned out to be of interest to external customers as well. Process development, for instance, allows the in-depth characterization and optimization of chemical reactions in such a way that upscaling and industrialization becomes feasible and efficient. The collaboration with InnovisProject in this field has resulted in the optimized synthesis of major chemical building blocks for their Polaroid Originals instant film products, with the scope of cost-effective production at larger scale.

Digital Print & Chemicals **Customer cases**

Kroschke sign-international (Germany)

A year after the installation of their first Jeti Tauro H2500 LED wide-format inkjet printer, safety sign printing company Kroschke sign-international invested in a second one in order to deal with future demands. The flexibility of the printer in particular played a vital role in this decision. The Jeti Tauro H2500 LED prints of up to 2.54 m wide, at print speeds up to 275 m^2/h.

"Nothing beats a Jeti Tauro in terms of profitability, thanks to its extremely low ink consumption and the combination with the Asanti workflow. If you are looking for flexibility and need to print on diverse media with the highest print quality at the lowest cost, look no further."

Andreas Förster, Production Manager at Kroschke sign-international

Publi-FDM (Belgium)

To cope with its growing order book, Belgian sign & display printer Publi-FDM purchased two large-format inkjet printers from Agfa. The Jeti Tauro H2500 LED and the Anapurna RTR3200i LED have given them the extra productivity and flexibility they were looking for. Publi-FDM is a sign & display printing company specialized in large-format advertising. The company creates banners, LED displays, light boxes, signs and more.

"We really appreciate the printers we work with now, both in terms of quality and productivity. Another engine might be cheaper, but if it uses up to four times the amount of ink, then an Agfa printer provides you with the best total cost of ownership."

Franky De Meyer, CEO of Publi-FDM

Offset Solutions

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

Offset Solutions in 2019

The Offset Solutions division's revenue remained almost stable at 843 million Euro. Mid 2019, the consolidation of the sales coming from the alliance with Lucky HuaGuang Graphics started to show in the division's top line.

The Offset Solutions division is active in structurally declining markets. The offset industry is marked by the strong decline in demand for analog prepress technology and decreasing newspaper and commercial print volumes. The division also continues to face price pressure, caused by intense competition, as well as high aluminum costs. Going forward, new challenges such as the corona virus outbreak could also affect the division's results. The developments in the offset industry explain the booking of an impairment loss by the Group in the fourth quarter.

The Offset Solutions division's gross profit margin decreased from 26.1% of revenue in 2018 to 22.9%. Part of the decrease was due to the dilutive effect related to the consolidation of the sales coming from the Lucky alliance. In addition, adverse product and regional mix effects, increased idle time due to overcapacity and high aluminum costs also impacted the gross profit margin. Excluding the effects of IFRS 16, adjusted EBITDA amounted to 16.5 million Euro (2.0% of revenue), versus 41.0 million Euro (4.8% of revenue) in 2018 and adjusted EBIT amounted to minus 1.4 million Euro (minus 0.2% of revenue), versus 19.7 million Euro (2.3% of revenue).

MILLION EURO	**2019 (excl. IFRS 16)**	2018 Restated (excl. IFRS 16)	% change (excl. currency effects)
Revenue	**843**	850	-0.8% (-2.5%)
Adjusted EBITDA (*)	**16.5 (**)**	41.0	-59.8%
% of revenue	2.0%	4.8%	
Adjusted EBIT (*)	**(1.4) (**)**	19.7	
% of revenue	(0.2%)	2.3%	
Results from operating activities	**(80.8)**	(20.2)	300.8%

(*) Before restructuring and non-recurring items
(**) 2019 Adjusted EBITDA including IFRS 16: 27.9 million Euro
2019 Adjusted EBIT including IFRS 16: minus 1 million Euro

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 business group'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.

1/2

One in two newspapers in the world are produced with Agfa's technology.

100,000

Over 100,000 commercial printing companies use Agfa's prepress technology.

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.

ECO^3

When developing and creating solutions – which include hardware, software and consumables – Agfa focuses on ecology, economy and extra convenience (ECO^3). By doing so, prepress and printing processes become cleaner and more cost efficient. Thanks to Agfa's ECO^3 solutions, printers can save up to 30% on paper, 40% on ink and paper and up to 95% on water. Waste can be reduced by 50%. In 2019, Agfa introduced several new ECO^3 products, such as the very easy to use Eclipse process-free printing plate and the Spir@l screening technology, which helps printers improve print quality and reduce costs.

Strategic alliance

In 2018, Agfa entered into a strategic alliance with Lucky HuaGuang Graphics Co. Ltd, the number 1 prepress company in China. The alliance should allow both companies to grow their businesses by optimizing their respective strengths in manufacturing, technology and distribution of offset products and services. It will have far-reaching consequences for both Agfa's business and the offset industry. In 2019, Agfa and Lucky HuaGuang Graphics set up a common sales platform, which was gradually rolled out across the Chinese provinces.

華光
HUAGUANG

Security printing

80%

80% of all banknotes in the world are designed using security printing software solutions developed by Agfa.

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.

Partnership with HP Indigo

In 2019, Agfa and HP Indigo announced a unique variable design security solution for brand protection and security printing. HP Indigo Secure Studio Powered by Agfa creates unique graphic designs with endless variations.

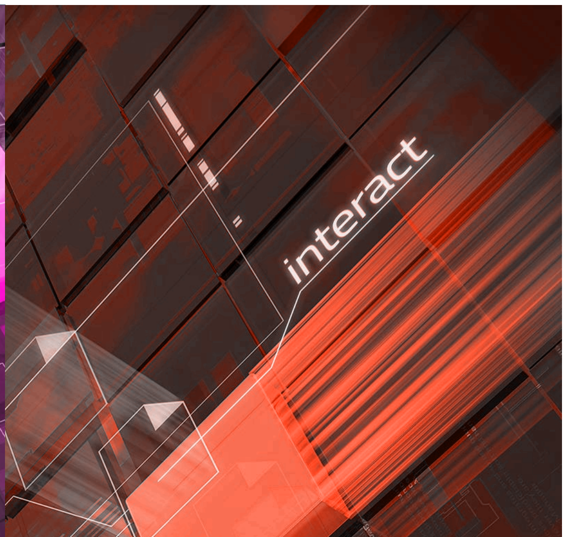
Commercial successes

In 2019, Agfa's innovative offset solutions again convinced numerous new customers all over the globe of their many advantages.

Prepress

Both in the commercial and the newspaper segment of the printing market, Agfa in 2019 confirmed its strong position in the field of eco-friendly prepress technology. With these chemistry-free computer-to-plate (CtP) solutions, printers can minimize their environmental footprint, reduce their operational costs and boost their efficiency. In the commercial segment, Agfa is a technological and market leader with this chemistry-free CtP technology. Also in the newspaper segment, Agfa is setting the standard. In the past decade, over 90% of Agfa's newspaper customers worldwide have made the switch to chemistry-free technology.

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



Offset Solutions **Customer cases**

Stibo Complete (Denmark)

Stibo Complete, Scandinavia's leading printed marketing solutions provider, invested in a new fully automatic plate production site based on Agfa's ECO^3 solution (including Energy Elite Eco printing plates, Arkana smart developers and automatically loaded Avalon N platesetters). The full ECO^3 solution will enable Stibo Complete to increase quality and productivity while achieving a significant reduction in the consumption of chemistry, water and electricity.

"Thanks to the agreement with Agfa, we will achieve a reduction of more than 15,000 liters of chemistry, 130,000 liters of drinking water and 10,000 liters of chemical waste – all to the greater benefit of the environment!"

Svend Erik Grue Nielsen, Operations and Development Manager at Stibo Complete

Amar Ujala Publications Ltd. (India)

To save on printing costs without compromising on print quality, Amar Ujala Publications Ltd. invested in Agfa's OptiInk software. The Indian print media company is the publisher of the Hindi daily newspaper Amar Ujala, the country's third largest newspaper with 46.5 million readers. Ever since Amar Ujula installed OptiInk, it has been reaping the rewards both in terms of quality and costs. They have noticed an increase in print quality, while recording significant ink savings too.

अमर उजाला

स्पोर्ट्स

हिमाचल प्रदेश

यात्रियों से भरी उत्तराखंड की ओवरलोड निजी बस टोंस नदी में गिरी, 45 की मौत

शिमला के गुम्मा के पास भीषण हादसा, कंडक्टर और एक युवक ने कूदकर बचाई जान

पहाड़ी से डेढ़ किमी फासला तय कर पहुंचीं रेस्क्यू टीमें

पीएम ने की मृतकों के परिजनों को दो-दो लाख देने की घोषणा

ढांचा विध्वंस मामले में आडवाणी जोशी समेत 13 पर चलेगा मुकदमा

सुप्रीम कोर्ट ने दो साल में ट्रायल पूरा करने का दिया निर्देश, रोजाना होगी सुनवाई

खाने की शिकायत सोशल मीडिया पर करने वाला बीएसएफ जवान बर्खास्त

देशभर में लाल बत्ती का वीआईपी कल्चर खत्म

ना कैविटिज़ का डर, ना प्यार में झिझक.

कैविटिज़ से सुरक्षा भी. 10% एक्स्ट्रा भी.

Colgate

"With Agfa's OptiInk software, we have saved a good quantity of ink without any noticeable change in print quality. Based on the data recorded, an average of 10% ink savings was observed."

Atul Kumar Goel, General Manager Production of Amar Ujala

Merkur Druck Group (Switzerland)

Merkur Druck Group is one of the leading printing service providers in Switzerland, counting three print production centers and several sales offices throughout the country. When the group expressed the wish to have its parts collaborate more efficiently, faster and more flexibly, Agfa came with the answer: move the entire Merkur Druck Group to the Apogee cloud.

> **"Thanks to Apogee Cloud, the prepress workflow of our company is now fully integrated. This allows us a way of working that we would not even have dreamed of two or three years ago. On top of that, we were able to effectively reduce total costs."**
>
> *Thomas Schärer, CEO Merkur Druck AG*

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. Klaus Röhrig, Chairman of the Board of Directors, Mr. Pascal Juéry, President and Chief Executive Officer and Mr. Dirk De Man, Chief Financial Officer, hereby declare that, to the best of their knowledge,

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

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

Table of contents

Agfa-Gevaert Group - Consolidated statement of profit or loss

The accompanying notes on pages 106 to 200 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2018	2019
CONTINUING OPERATIONS			
Revenue	8	**2,191**	**2,239**
Cost of sales		(1,489)	(1,510)
Gross profit		**701**	**729**
Selling expenses		(306)	(299)
Research and development expenses		(141)	(147)
Administrative expenses		(172)	(176)
Net impairment loss on trade and other receivables, including contract assets	26	(5)	(4)
Other operating income	9	56	42
Other operating expenses	9	(73)	(131)
Results from operating activities	6	**62**	**14**
Interest income (expense) – net		**(8)**	**(8)**
Interest income	10	2	2
Interest expense	10	(10)	(10)
Other finance income (expense) – net		**(31)**	**(30)**
Other finance income	10	5	8
Other finance expense	10	(36)	(38)
Net finance costs		**(39)**	**(38)**
Share of profit of associates – net of tax		(1)	(1)
Profit (loss) before income taxes		22	(25)
Income tax expense	17	(34)	(28)
Profit from continuing operations		**(12)**	**(53)**
DISCONTINUED OPERATIONS			
Profit(loss) from discontinued operation – net of tax	20	**(3)**	**5**
Profit (loss) for the year		**(15)**	**(48)**
Profit (loss) attributable to:			
Owners of the Company		(24)	(53)
Non-controlling interests		9	5
Earnings per share (Euro)			
Basic earnings per share (Euro)	12	(0.14)	(0.32)
Diluted earnings per share (Euro)	12	(0.14)	(0.32)

Agfa-Gevaert Group - Consolidated statement of comprehensive income

The accompanying notes on pages 106 to 200 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2018	2019
Profit (loss) for the period		**(15)**	**(48)**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		**(1)**	**7**
Exchange differences on translation of foreign operations	37.6	(1)	7
Cash flow hedges:		**(22)**	**10**
Effective portion of changes in fair value of cash flow hedges	37.4	(18)	(7)
Change in fair value of cash flow hedges reclassified to profit or loss	37.4	(4)	3
Adjustments for amounts transferred to initial carrying amount of hedged items	37.4	(4)	14
Income taxes	37.4	4	-
Items that will not be reclassified subsequently to profit or loss:		**24**	**(132)**
Equity investments at fair value through OCI - change in fair value	37.3	(2)	(1)
Remeasurements of the net defined benefit liability	37.8	26	(139)
Income tax on remeasurements of the net defined benefit liability	37.8	-	8
Total other comprehensive income for the period, net of tax:		**1**	**(114)**
Total comprehensive income for the period attributable to:		**(14)**	**(162)**
Owners of the Company		(23)	(168)
Non-controlling interests		9	5

Agfa-Gevaert Group - Consolidated statement of financial position

The accompanying notes on pages 106 to 200 are an integral part of these consolidated financial statements.

MILLION EURO	Note	December 31, 2018	**December 31, 2019**
ASSETS			
Non-current assets		**1,019**	**1,060**
Goodwill	27	523	492
Intangible assets	27	93	74
Property, plant and equipment	28	174	142
Right-of-use assets		-	110
Investments in associates	30	4	4
Other Financial assets	30	9	8
Trade receivables		16	21
Receivables under finance lease	31	62	62
Other assets	36	24	24
Deferred tax assets	18	114	125
Current assets		**1,348**	**1,234**
Inventories	32	498	436
Trade receivables		420	408
Contract assets		105	100
Current income tax assets	17	71	75
Other tax receivables	18	25	25
Receivables under finance lease	31	30	34
Other receivables	33	14	15
Other current assets	36	34	21
Derivative financial instruments	25	1	1
Cash and cash equivalents	34	141	107
Non-current assets held for sale	35	10	10
TOTAL ASSETS		**2,367**	**2,294**
EQUITY AND LIABILITIES			
Equity	37	**290**	**130**
Equity attributable to owners of the Company		**252**	**83**
Share capital		187	187
Share premium		210	210
Retained earnings		854	803
Other reserves		(93)	(84)
Translation reserve		(9)	(5)
Post-employment benefits: remeasurements of the net defined benefit liability		(897)	(1,028)
Non-controlling interests		**38**	**47**
Non-current liabilities		**1,336**	**1,402**
Liabilities for post-employment and long-term termination benefit plans	13	1,066	1,137
Other employee benefits	16	13	12
Loans and borrowings	38	219	225
Provisions	39	9	5
Deferred tax liabilities	18	22	19
Trade payables	40	2	2
Contract liabilities		3	1
Other non-current liabilities		2	1
Current liabilities		**741**	**761**
Loans and borrowings	38	66	101
Provisions	39	52	45
Trade payables	40	217	232
Contract liabilities	40	163	151
Current income tax liabilities	17	47	49
Other tax liabilities	18	27	38
Other payables	41	17	9
Employee benefits	16	134	130
Other current liabilities		4	1
Derivative financial instruments	25	13	5
TOTAL EQUITY AND LIABILITIES		**2,367**	**2,294**

Agfa-Gevaert Group - Consolidated statement of changes in equity

The accompanying notes on pages 106 to 200 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, 2018		**187**	**210**	**878**	**(82)**	**3**	**10**	**(923)**	**(8)**	**275**	**32**	**307**
Comprehensive income for the period												
Profit (loss) for the period		-	-	(24)	-	-	-	-	-	(24)	9	(15)
Other comprehensive income net of tax	37.9	-	-	-	-	(2)	(22)	26	(1)	1	-	1
Total comprehensive income for the period		**-**	**-**	**(24)**	**-**	**(2)**	**(22)**	**26**	**(1)**	**(23)**	**9**	**(14)**
Transactions with owners, recorded directly in equity												
Dividends	37.7	-	-	-	-	-	-	-	-	-	(3)	(3)
Total transactions with owners, recorded directly in equity		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3)**	**(3)**
Balance at December 31, 2018		**187**	**210**	**854**	**(82)**	**1**	**(12)**	**(897)**	**(9)**	**252**	**38**	**290**
Balance at January 1, 2019		**187**	**210**	**854**	**(82)**	**1**	**(12)**	**(897)**	**(9)**	**252**	**38**	**290**
Comprehensive income for the period												
Profit (loss) for the period		-	-	(53)	-	-	-	-	-	(53)	5	(48)
Other comprehensive income net of tax	37.9	-	-	-	-	(1)	10	(131)	7	(114)	-	(114)
Total comprehensive income for the period		**-**	**-**	**(53)**	**-**	**(1)**	**10**	**(131)**	**7**	**(168)**	**5**	**(162)**
Transactions with owners, recorded directly in equity - changes in ownership												
Dividends	37.7	-	-	-	-	-	-	-	-	-	-	-
Transfer of business to NCI without loss of control	37.8	-	-	2	-	-	-	-	(3)	(1)	1	-
Establishment of subsidiary with NCI	37.8	-	-	-	-	-	-	-	-	-	2	2
Total transactions with owners, recorded directly in equity		**-**	**-**	**2**	**-**	**-**	**-**	**-**	**(3)**	**(1)**	**3**	**2**
Balance at December 31, 2019		**187**	**210**	**803**	**(82)**	**1**	**(3)**	**(1,028)**	**(5)**	**83**	**47**	**130**

Agfa-Gevaert Group - Consolidated statement of cash flows

The accompanying notes on pages 106 to 200 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2018	2019
Profit (loss) for the period		**(15)**	**(48)**
Income taxes	17	34	28
Share of (profit)/loss of associates - net of tax		1	1
Net finance costs	10	39	38
Operating result		**59**	**19**
Depreciation and amortization (excluding D&A on right-of-use assets)	27/28	54	56
Depreciation and amortization on right-of-use assets		-	38
Impairment losses on goodwill		1	35
Impairment losses on intangibles		-	11
Impairment losses on PP&E		5	27
Impairment losses on right-of-use assets (1)		-	4
Recycling of hedge reserve		(4)	3
Government grants and subsidies		(14)	(9)
Gains/losses on the sale of intangible assets and PP&E		(2)	-
Gains on the disposal of discontinued operations		-	(6)
Expenses for defined benefit plans & long term termination benefits		38	36
Accrued expenses for personnel commitments		93	91
Write-downs/reversals on inventories		23	14
Impairments/reversals on receivables		5	4
Additions/reversals of provisions		30	24
Exchange results and changes in fair value of derivatives		(2)	1
Other non-cash expenses		**168**	**159**
Change in inventories		(57)	50
Change in trade receivables		(8)	4
Change in contract assets		4	7
Change in trade working capital assets		**(61)**	**62**
Change in trade payables		(4)	19
Change in contract liabilities		25	(13)
Change in trade working capital liabilities		**21**	**6**
Changes in trade working capital		**(40)**	**68**
Cash out for employee benefits		(209)	(226)
Cash out for provisions		(25)	(36)
Changes in lease portfolio		(11)	(9)
Changes in other working capital		(29)	18
Cash settled operating derivatives		13	(16)
Cash generated from operating activities		**(14)**	**147**
Income taxes paid		(30)	(24)

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

Table continued at next page.

Agfa-Gevaert Group - Consolidated statement of cash flows

The accompanying notes on pages 106 to 200 are an integral part of these consolidated financial statements.

MILLION EURO	Note	2018	2019
Net cash from (used in) operating activities		**(44)**	**123**
Capital expenditure		(40)	(38)
Proceeds from sale of intangible assets and PP&E	27/28	5	7
Proceeds from assets held for sale		-	-
Acquisitions of subsidiaries, net of cash acquired	19	(25)	(16)
Disposal of discontinued operations, net of cash disposed of (2)	20	-	16
Proceeds from sale of other investments and non-current assets held for sale		-	1
Interest received		3	3
Dividends received		-	-
Net cash from (used in) investing activities		**(57)**	**(28)**
Interest paid		(15)	(15)
Dividends paid to non-controlling interests		(3)	-
Proceeds from borrowings	38.5	227	127
Repayment of borrowings	38.5	(34)	(201)
Payment of finance leases	38.5	(1)	(42)
Proceeds/(payment) of derivatives		(1)	3
Other financing income/(costs) incured		(2)	(3)
Other financial flows		2	-
Net cash from (used in) financing activities		**175**	**(131)**
Net increase (decrease) in cash and cash equivalents		**74**	**(36)**
Cash and cash equivalents at the start of the period		**67**	**136**
Net increase/(decrease) in cash & cash equivalents		74	(36)
Effect of exchange rate fluctuations on cash held		(5)	(1)
Cash and cash equivalents at the end of the period (3)	34	**136**	**99**

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

(3) Bank overdrafts are presented in minus of cash and cash equivalents in the cash flow statement: December 2019 8 million Euro, December 2018 5 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 2019 Consolidated Financial Statements of the Group include the Company and 106 consolidated subsidiaries (2018: 108 consolidated subsidiaries) controlled by the Company. Investments in subsidiaries and associates are listed in Note 42 and 43.

Non-controlling interests have a material interest in eight 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, 2019.

The Group has not early adopted any new IFRS requirements that were not yet effective in 2019. Further information is provided in Note 51 'New standards and interpretations issued but not yet affective'. The consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2020.

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 roundings, the sum of line items presented in a table may not always match with (sub)totals as this total itself has been rounded to the nearest million and is not the sum of rounded data.

4. USE OF ESTIMATES AND JUDGMENTS

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

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

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

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

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Financial reporting standards applied for the first time in 2019

The consolidated statements of the Group as disclosed in this annual report take into account the impact of IFRS 16 *Leases* as from January 1, 2019.

Following new amendments to IFRS and interpretations are also effective as from January 1, 2019, but are either not applicable or do not have a material effect on the Group's financial statements for the year 2019.

- Amendments to IFRS 9 about Prepayment Features with Negative Compensation
- Amendments to IAS 28 about Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 about Plan Amendment, Curtailment of Settlement: impact disclosed hereafter
- Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 – Annual Improvements to IFRS Standards 2015 – 2017
- IFRIC 23 Uncertainty over Income Tax Treatments: impact disclosed hereafter

5.1 IFRS 16 LEASES

IFRS 16 *Leases* published on January 13, 2016 makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a single, on-balance sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. For lessors, there is little change compared to the previous accounting treatment under IAS 17 *Leases*.

IFRS 16 replaces existing leases guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after January 1, 2019.

The Group has applied IFRS 16 using the modified retrospective transition approach, which implies that no comparative prior year information is restated. Under this approach different options are possible. The Group has applied following options:

- For leases previously classified as operating leases under the previous IAS 17, the Group as lessee has measured a lease liability at January 1, 2019 as the present value of the remaining lease payments. The discount rate applied is the lessee's incremental borrowing rate at that date.
- At January 1, 2019, the balance of right-of-use assets equals to the amount of the lease liability.
- The Group has not recognized initial direct costs as part of the right-of-use asset at January 1, 2019.
- On transition to IFRS 16, a company can elect either to apply the new lease definition to existing contracts, or to grandfather the assessment of which existing contracts are leases and to apply the new lease definition only to contracts that are entered into or changed after transition. The Group has elected to apply the new lease definition to all contracts, both existing contracts on transition date and new contracts concluded after transition.
- The Group has not reassessed any operating leases for which the lease term ends within 12 months as of January 1, 2019.

The application of IFRS 16 has increased non-current assets by requiring the recognition of right-of-use assets and has increased the financial liabilities by recognition of the corresponding lease liability. In the consolidated statement of profit or loss, the amortization of the right-of use assets and the interest expense on the lease liabilities have been recognized instead of expenses for operating leases. In the consolidated statement of cash flows, IFRS 16 has improved the cash generated from operating activities by reducing cash outflows for operating activities, while the repayment of lease liabilities is recognized in the 'Net cash from financing activities'.

5.1.1 Initial and subsequent measurement of leases concluded as a lessee, in accordance with the new IFRS 16

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 remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, 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 remeasured 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.

5.1.2 Impact assessment on key financials

In the consolidated statement of financial position, total assets and liabilities at January 1, 2019 have increased by 104 million Euro by the recognition of right-of-use assets and lease liabilities, comprising the present value of future lease payments for leases existing on January 1, 2019. The amount of lease liabilities recognized on January 1, 2019 is 44 million Euro lower than the amount of future operating lease payments as disclosed previous year under the application of the previous International Accounting Standard 17. Elements that explain the difference include:
- difference in scope of lease contracts (exclusion of low value leases, short-term leases, leases without the right to direct the use of the asset);
- difference in amount of future lease payments (inclusion of non-lease components such as security and maintenance costs, exclusion of non-recoverable VAT, taxes, insurance);
- difference in length of lease term (inclusion of options considered likely to be exercised, such as renewal options, early termination option, purchase options);
- impact of net present value calculations under IFRS 16, estimated at 15 million Euro. The weighted average lessee's incremental borrowing rate applied to lease liabilities at the date of initial application is calculated at 3,4%.

In the consolidated statement of Profit or loss, 'Adjusted' EBITDA for 2019 has increased by 40 million Euro. The impact on net result is expected to be neutral over time, but negatively impacted in the first year of applying IFRS 16, for an amount of 1 million Euro. This is explained by the fact that interest expenses on lease liabilities are higher at the start of a lease – in this situation at commencement of applying IFRS 16 – and gradually decrease over time.

5.2 AMENDMENTS TO IAS 19: PLAN AMENDMENTS, CURTAILMENT OR SETTLEMENT

In February 2018, the IASB published amendments to IAS 19 *Employee benefits*, applicable for annual periods beginning on or after January 1, 2019. This amendment requires an entity to use updated assumptions to determine current service cost and net interest cost for the remainder of the period after a plan amendment, curtailment or settlement and to recognize in profit or loss any reduction in a surplus, even if that surplus was not accounted for in the past as a result of the asset ceiling. Assumptions used should be in line with the calculation of the gain or loss on the plan amendment, curtailment or settlement.

The Group has applied this amendment in case of plan amendments, curtailments or settlements as from January 1, 2019.

As documented in Note 13.2 'Defined benefit plans', on June 27, 2019, an annuity placement took place for retirees of the Agfa Corporation Pension Plan with monthly benefits below 1,800 US Dollar. This has triggered a settlement and necessitated the remeasurement of plan liabilities and assets as of June 30, 2019. The liability as of June 30 for the affected retirees was 130.9 million US Dollar and the annuity purchase price was 130.0 million US Dollar which resulted in a settlement gain of 0.9 million US Dollar.

As a result of the remeasurement noted above, the net periodic pension cost for the second half of the year has been recalculated based on June 30 assets, liabilities and discount rate of 3.55%. Due to the significant decrease in assets and liability as a result of the annuity placement, both the interest expense on DBO and interest income on plan assets for 2019 are lower compared to the forecast performed last year resulting in a decrease of the net interest cost of 0.8 million US Dollar. This amount reflects also the impact of the application of this amendment to the Group's consolidated statement of profit or loss for 2019.

5.3 IFRIC INTERPRETATION 23 UNCERTAINTY OVER INCOME TAX TREATMENT

In June 2017, the IASB issued a new IFRIC interpretation IFRIC 23 *Uncertainty over Income Tax Treatment*, applicable for annual periods beginning on or after January 1, 2019. This interpretation has been endorsed by the European Union in October 2018. The Group applies IFRIC 23 as of January 1, 2019.

This interpretation clarifies how to account for income taxes when it is unclear whether the tax authority will accept the company's tax treatment. Examples include tax deductibility of certain expenses, tax exemption of certain income and transfer pricing rules to allocate income between jurisdictions. The current IAS on Income taxes does not address the accounting for tax uncertainties. An entity has to determine whether it is probable that the relevant tax authority will accept the plans used in its tax filing. If the entity concludes that this is not probable, the entity has to reflect the most likely amount or the expected value of the tax treatment when determining the taxable profit, tax bases, unused tax losses, unused tax credits and tax rates.

This new interpretation has not impacted the consolidated financial statements of the Group for 2019.

PERFORMANCE OF THE YEAR

6. REPORTABLE SEGMENTS

The Group has changed it's composition of operating segments.

In 2019, the activities of the Group have been regrouped 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 no longer attributed to the operating segments. These costs are currently reported under 'Corporate Services'.

To allow comparison, the 2018 data have been restated for the new divisional structure as well as for the new treatment of corporate costs.

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

Offset Solutions

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

Digital Print & Chemicals

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

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 care providers and assists their health professionals across departments, sites and networks to deliver quality care and make intelligent decisions for their communities and populations. The division offers hospitals and other care facilities Imaging IT solutions that manage all medical images and related data, comprehensive enterprise-wide Healthcare Information Solutions, as well as integrated care solutions. These intelligent solutions complement each other to create proven, trusted health IT ecosystems that touch every aspect of health systems. A pioneer in healthcare IT since the 1990s, Agfa HealthCare is a leading health IT company with a truly global footprint.

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 no longer 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). To allow comparison, segment data have been restated to reflect the new divisional structure (see 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 2019 (27 million Euro) and non-recurring items 2019 (79 million Euro). Non-recurring items comprise impairment losses, strategic transformation projects related costs, a settlement gain of the US pension plan due to an annuity placement, an accrual for an environmental provision related to the closure of the factory in the US, gains on the disposal of discontinued operations;
- % of revenue is the ratio of recurring EBIT to revenue;
- Adjusted EBITDA = adjusted EBIT before depreciation and amortization;
- Segment result is the profit from operating activities;
- Segment assets are those operating assets that are employed by a reportable segment in its operating activities;
- Segment liabilities are those operating liabilities that result from the operating activities of a reportable segment;
- Net cash from (used in) reportable segments is the excess of cash receipts over cash disbursements from activities that result from a reportable segment. The financial flows, the interest received and cash flows from other investing activities are not attributed to a reportable segment;
- Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year;
- Other non-cash items include impairment losses and reversal of impairment losses of receivables, write downs of inventories and reversals of write downs, past service costs (credits) and gains and losses on settlements of defined benefit liabilities, granted subventions and additions and reversals of provisions, excluding provisions for income tax, to the extent reflected in results from operating activities.

Reportable segment	Offset Solutions		Radiology Solutions		Digital Print & Chemicals		HealthCare IT		**TOTAL**	
MILLION EURO	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**
Revenue	850	843	514	536	393	383	490	505	2,247	2,267
Change		(0.8)%		4.2%		(2.4)%		3.0%		0.9%
Adjusted EBIT	20	(1)	60	72	25	21	34	50	139	142
% of revenue	2.4%	(0.1)%	11.7%	13.4%	6.4%	5.5%	6.9%	9.9%	6.2%	6.3%
Amortization and depreciation	21	18	13	16	6	7	14	15	54	56
Depreciation right-of-use assets		11		8		4		14		38
Adjusted EBITDA	41	28	73	97	31	33	49	79	193	236
Segment result	(20)	(80)	52	64	21	18	21	41	74	43
Segment assets	546	511	479	445	262	230	745	792	2,031	1,978
Segment liabilities	280	306	241	218	89	98	234	256	844	878
Net cash from (used in) reportable segments	(31)	21	(82)	90	2	47	94	63	(17)	221
Capital expenditures	15	12	10	11	8	9	7	6	40	38
Impairment losses recognized on non-current assets	6	69	-	-	-	3		3	6	76
Other non-cash items	65	48	32	45	22	22	48	43	167	157
Research and development expenses	29	27	17	20	22	21	73	77	141	144
Average number of employees (Full time equivalents) [1]	3,394	3,254	2,439	2,355	1,085	1,068	3,100	2,925	10,018	9,602

(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	2018	**2019**
Revenue		
Revenue for reportable segments	2,247	2,267
Elimination of discontinued operations	(56)	(28)
Consolidated revenue	**2,191**	**2,239**
Adjusted EBIT		
Adjusted EBIT for reportable segments	139	142
Adjusted EBIT not allocated to a reportable segment (1)	(14)	(17)
Elimination of discontinued operations	3	1
Consolidated adjusted EBIT	**128**	**126**
Profit or loss		
Segment result	74	43
Profit (loss) from operating activities not allocated to a reportable segment (1)	(15)	(24)
Elimination of discontinued operations	3	(5)
Results from operating activities	**62**	**14**
Other unallocated amounts:		
Interest income (expense) - net	(8)	(8)
Other finance income (expense) - net	(31)	(30)
Share of profit of associates - net of tax	(1)	(1)
Consolidated profit (loss) before income taxes	**22**	**(25)**
Assets		
Total assets for reportable segments	2,031	1,978
Operating assets not allocated to a reportable segment (1)	-	-
Financial assets	9	8
Deferred tax assets	114	125
Derivative financial instruments	1	1
Cash and cash equivalents	141	107
Other unallocated receivables	71	75
Consolidated total assets	**2,367**	**2,294**
Liabilities		
Total liabilities for reportable segments	844	878
Operating liabilities not allocated to a reportable segment (1)	872	887
Loans and borrowings	285	326
Deferred tax liabilities	22	19
Derivative financial instruments	2	3
Other unallocated liabilities	51	50
Equity	290	130
Consolidated total equity and liabilities	**2,367**	**2,294**
Cash flows		
Net cash from (used in) reportable segments	(17)	221
Operating cash flows not allocated to a reportable segment	(85)	(126)
Net interest and dividend paid to non-controlling interests	(17)	(15)
Net proceeds from borrowings	193	(74)
Payment of finance leases	(1)	(42)
Proceeds/(payment) of derivatives	(1)	3
Other		(3)
Consolidated net increase (decrease) in cash and cash equivalents	**74**	**(36)**

(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 2018 AND 2019

Other material items 2018

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	40	-	40
Amortization and depreciation	27/28	54	-	54
Impairment losses recognized on non current assets	27/28	6	-	6
Other non-cash items		167	1	168
Research and development expenses		141	-	141

Other material items 2019

MILLION EURO	Note	REPORTABLE SEGMENTS TOTAL	Adjustments	TOTAL
Capital expenditures (cash outflows)	27/28	38	-	38
Amortization and depreciation	27/28	56	-	56
Depreciation right-of-use assets (IFRS 16)	29	38		38
Impairment losses recognized on non current assets	27/28/29	76	-	76
Other non-cash items		157	2	159
Research and development expenses		144	3	147

6.5 GEOGRAPHICAL INFORMATION FOR 2018 AND 2019

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

	2018	**2019**
MILLION EURO	Revenue by market (1)	**Revenue by market (1)**
Europe	983	980
of which related to home market Belgium	37	35
NAFTA	538	478
Latin America	158	151
Asia/Oceania/Africa	568	659
TOTAL	**2,247**	**2,267**
Elimination of discontinued operations	(56)	(28)
TOTAL CONSOLIDATED	**2,191**	**2,239**
All foreign countries		
Germany	311	324
France	128	123
Italy	73	75
UK	96	89
US (of which 54 resp 26 relates to discontinued operations)	431	373
Canada (of which 2 resp 2 related to discontinued operations)	32	35
Brazil	84	80
India	58	59
China (2)	199	299
Japan	51	57
Other countries	784	753
Elimination of discontinued operations	(56)	(28)
TOTAL CONSOLIDATED	**2,191**	**2,239**

(1) Location of customers.
(2) Increase mainly driven by increased cooperation with third parties (see Note 46).

MILLION EURO	2018 Non-current assets (1)	2019 Non-current assets (1)
Europe	513	524
of which related to home market Belgium	188	168
NAFTA	299	309
Latin America	23	28
Asia/Oceania/Africa	69	75
TOTAL	**904**	**935**
All foreign countries		
Germany	243	277
Belgium	188	168
France	44	47
US	164	157
Canada	133	148
Brazil	19	23
China	31	34
HongKong	21	21
Other countries	61	60
TOTAL	**904**	**935**

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

At year end 2018, non-recurring items amount to 37 million Euro and mainly comprise litigations of 5 million Euro, exceptional write-downs on inventories of 7 million Euro, impairment losses of 5 million Euro, results related to the sale of land and buildings of 2 million Euro, past service costs related to defined benefit obligations of 1 million Euro, strategic transformation projects related costs of 14 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		Discontinued operations	
MILLION EURO	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**
Segment result (*)	(20)	(80)	21	18	52	64	21	41	74	43	(3)	5
Adjusted EBIT	20	(1)	25	21	60	72	34	50	139	142	(3)	(1)
Adjusted EBITDA	41	28	31	33	73	97	49	79	193	236	(3)	(1)

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

Reconciliation of segment adjusted EBIT to results from operating activities	2018	**2019**
Segment adjusted EBIT	139	142
Adjusted EBIT from operating activities not allocated to	(14)	(17)
a reportable segment: mainly related to 'Corporate Services'		
Elimination of discontinued operations	3	1
Adjusted EBIT	**128**	**126**
Restructuring	29	27
Non-recurring	37	79
Elimination of discontinued operations	-	6
Results from operating activities	**62**	**14**
Reconciliation of adjusted EBIT to adjusted EBITDA		
Adjusted EBIT	**128**	**126**
Depreciation & amortization on Intangible assets and PP&E	54	56
Depreciation right-of-use assets (IFRS 16 impact)		38
Adjusted EBITDA	**182**	**220**
Reconciliation of segment adjusted EBITDA to adjusted EBITDA		
Segment adjusted EBITDA	**193**	**236**
Adjusted EBITDA from operating activities not allocated to	(14)	(17)
a reportable segment: mainly related to 'Corporate Services'		
Elimination of discontinued operations	3	1
Adjusted EBITDA	**182**	**220**

8. REVENUE

	Continuing Operations		Dicontinued Operations (see note 20)			
MILLION EURO	2018	**2019**	2018	**2019**	2018	**2019**
Revenue from contracts with customers	2,187	2,242	56	28	2,243	2,270
Revenue from other sources: Cash Flow hedges	4	(3)	-	-	4	(3)
TOTAL REVENUE	**2,191**	**2,239**	**56**	**28**	**2,247**	**2,267**

8.1 NATURE OF GOODS AND SERVICES

The Group generates revenue from the sale of goods, the rendering of services and offers multiple-element arrangements to customers.

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

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

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

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

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

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

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

8.2 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The disaggregation of revenue from contracts with customers at December 31, 2019, and December 31, 2018, as required by IFRS 15 can be presented as follows:

	2019					
MILLION EURO	Offset Solutions	Digital Print and Chemicals	Discontinued operations	Radiology Solutions	Healthcare IT	Total Continuing Operations
Geographical region						
Europe	377	139		133	328	977
NAFTA	146	100	28	70	134	450
Latin America	61	11		61	18	151
Asia/Oceania/Africa	259	106		271	26	662
Total revenue by geographical region (destination perspective)	**843**	**356**	**28**	**535**	**506**	**2,239**
Revenue by nature						
Revenue from the sale of goods	794	329	28	431	135	1,689
Revenue from the sale of services	49	26		105	370	550
Timing of recognition						
Revenue recognized at a point in time	810	342	28	431	135	1,718
Revenue recognized over time	34	13		105	370	522

MILLION EURO	2018					
	Offset Solutions	Digital Print and Chemicals	Discontinued operations	Radiology Solutions	Healthcare IT	Total Continuing Operations
Geographical region						
Europe	409	130		133	310	982
NAFTA	169	93	56	88	132	482
Latin America	66	9		65	18	158
Asia/Oceania/Africa	206	105		228	30	569
Total revenue by geographical region (destination perspective)	**850**	**337**	**56**	**514**	**490**	**2,191**

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

8.3 CONTRACT BALANCES

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

MILLION EURO	2018	**2019**
Trade receivables	**436**	**429**
Contract assets		
Assets recognized for costs to fulfill contracts	31	30
Goods/services transferred before payment is due	74	69
Contract liabilities		
Deferred invoices	125	126
Advance payments received from customers	27	12
Expected volume discounts - rebates	14	13

At December 31, 2019, contract assets amounted to 100 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 labour, direct materials (WIP balances) and costs that are explicitely 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, 2019, contract liabilities amounted to 152 million Euro (151 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 2019.

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 fulfil 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	**105**	**166**
Revenue recognized that was included in the contract liability at the beginning of the period	-	(166)
Revenue recognized from performance obligations satisfied in previous periods	-	-
Advance billings to customers during the year	-	309
Advance payments received from customers during the year	-	29
Deferred revenue recognized during the period	-	-
Revenue recognized during the period	-	(186)
Contract assets recognized during the period	262	-
Transfer from contract assets to receivables	(189)	-
Impairment of contract assets	-	-
Contract assets (work in progress) released in Cogs during the period	(79)	-
Change in volume discounts/rebates	-	(1)
Closing balance of contract balances	**99**	**151**

9. OTHER OPERATING INCOME AND EXPENSES

9.1 OTHER OPERATING INCOME

MILLION EURO	2018	**2019**
Exchange gains and changes in faire value of derivatives	7	10
Recharge to customers	6	5
Strategic alliance for UV digital packaging inks between Siegwerk Druckfarben AG & Co. KgaA and Agfa NV	21	6
Finance lease income	6	6
Gains on the sale of property, plant & equipment	2	1
Gains on the disposal of discontinued operations	0	6
Settlement gain of the US Pension Plan due to an annuity placement	0	1
Other income	14	14
TOTAL	**56**	**48**
Elimination of discontinued operations	-	(6)
TOTAL (consolidated)	**56**	**42**

Income from recharge to customers mainly reflects the recharge of freight and research and development expenses.

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

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

The gain on the disposal of discontinued operations is explained under Note 20 Disposals.

The partly settlement of the US Pension Plan due to an annuity placement and the resulting gain is further explained in Note 13 Post-employment benefit plans.

9.2 OTHER OPERATING EXPENSES

MILLION EURO	2018	**2019**
Exchange losses and changes in fair value of derivatives	8	11
Restructuring expenses	28	28
Impairment losses resulting from yearly impairment test on goodwill Offset Solutions	0	67
Losses on the sale of intangible assets and property, plant and equipment (PP&E)	1	1
Other impairment losses on goodwill, intangible assets, PP&E and right-of-use assets	6	7
Housing expenses related to empty space	3	5
Other expenses	27	14
TOTAL	**73**	**131**

In 2019, the Group has recognized in other operating expenses restructuring expenses amounting to 28 million Euro (2018: 28 million Euro) that mainly relates to employee related termination costs.
The amount recognized for 2018 comprises employee related termination costs as well as other expenses related to the closure of the factory in Branchburg (US).
Note 27 Goodwill and intangible assets comprises more information on the impairment losses on goodwill, intangible assets and property, plant & equipment resulting from the yearly impairment test for the cash-generating unit (CGU) Offset Solutions.

10. NET FINANCE COSTS

MILLION EURO	2018	**2019**
Interest income		
on bank deposits	2	2
TOTAL INTEREST INCOME	**2**	**2**
Interest expense on financial liabilities measured at amortized cost		
on bank loans	(8)	(8)
on debentures	(2)	(2)
TOTAL INTEREST EXPENSE	**(10)**	**(10)**
Other finance income		
Exchange gains on non-operating activities net of changes in fair value of derivative financial instruments not part of a hedging relationship	1	1
Interest income on derivatives not part of a hedging relationship	3	3
Gains on revaluation of deferred contingent consideration business combinations	-	3
Other	1	1
TOTAL OTHER FINANCE INCOME	**5**	**8**
Other finance expense		
Net periodic pension cost treated as other finance income (expense) and interest portion on other interest-bearing provisions (1)	(24)	(24)
Exchange losses on non-operating activities net of change in fair value of derivative financial instruments not part of a hedging relationship	(2)	(2)
Interest expense on derivatives not part of a hedging relationship	(3)	(2)
Interest expense on Cash Flow Hedges	(3)	(2)
Interest expense on other receivables	(1)	(1)
Interest expense for leases	-	(3)
Other	(3)	(4)
TOTAL OTHER FINANCE EXPENSE	**(36)**	**(38)**
NET FINANCE COSTS	**(39)** (2)	**(38)** (2)

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

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

Total interest income on financial assets	2	2
Total interest expense on financial liabilities	(10)	(13)

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:

MILLION EURO	Note	2018	2019
Revenue		**2,247**	**2,267**
Cost of raw materials, goods purchased for resale and production related costs (including changes in inventories)		(810)	(844)
Cost of services and other goods		(467)	(412)
Personnel expenses		(819)	(789)
Amortization & depreciation	27/28	(54)	(94)
Impairment losses on goodwill, intangible assets and PP&E		(6)	(76)
Write-downs/ writ-offs on inventories	32	(23)	(16)
Impairment losses on receivables		(5)	(4)
Changes in provisions excl. restructuring		(5)	-
Restructuring expenses	6/7/9	(28)	(28)
Other tax expenses		(21)	(20)
Other expenses		(44)	(34)
Other tax income		1	-
R&D tax credits		12	7
Interest income from leasing activities		3	4
Capitalized expenses (projects, assets under construction)		9	8
Gain on the sale of intangible assets and PP&E		3	1
Gain on the disposal of discontinued operations		-	6
Other income		66	43
Operating result		**59**	**19**
Elimination of discontinued operations		3	(5)
Operating result (from continuing operations)		**62**	**14**

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 re-cutting 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 2019 amounted to 789 million Euro compared to 819 million Euro in 2018 (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 2019 amounted to 9,602 (2018: 10,018). Classified per corporate function, this average comprising permanent and temporary contracts can be presented as follows:

	2018	2019
Manufacturing/Engineering	2,900	2,703
Research & Development	1,413	1,414
Sales & Marketing/Service	4,089	3,871
Administration	1,616	1,613
TOTAL	**10,018**	**9,602**

12. EARNINGS PER SHARE

12.1 BASIC EARNINGS PER SHARE / DILUTED EARNINGS PER SHARE

The calculation of earnings per share at December 31, 2019, was based on the loss attributable to owners of the Company of 53 million Euro (2018: a loss of 24 million Euro) and a weighted average number of ordinary shares outstanding during the year ended December 31, 2019, of 167,751,190 (2018: 167,751,190).

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

Number of shares issued (see Note 37.1)	171,851,042
Own shares (see Note 37.2)	-4,099,852
Number of ordinary shares at January 1, 2019	167,751,190
Effect of options excercised during 2019	-
Effect of stock options on issue	-
Weighted average number of ordinary shares at December 31, 2019	167,751,190

EURO	2018	2019
Basic earnings per share / Diluted earnings per share	(0.14)	(0.32)

The average fair value of one ordinary share during 2019 was 3.78 Euro per share.

EMPLOYEE BENEFITS

Employee benefit liabilities

MILLION EURO	December 31, 2018	December 31, 2019
Liabilities for post-employment benefits	1,046	1,125
Long-term termination benefits	20	12
Liabilities for post-employment and long-term benefit plans	**1,066**	**1,137**
Other employee benefits	**13**	**12**
Non-current employee benefit liabilities	1,079	1,149
Current employee benefit liabilities	134	130
Total employee benefit liabilies	**1,213**	**1,279**

Employee benefit expenses

MILLION EURO	2018	**2019**
Payroll related expenses	647	623
Expenses for retirement benefits included in EBIT	47	45
Accrued expenses for personnel expenses	94	91
Other personnel expenses	32	30
Total employee benefit expenses included in EBIT	**819**	**789**

13. POST-EMPLOYMENT BENEFIT PLANS

The Group provides retirement benefits in most countries in which it operates, mainly through defined contribution plans. In some countries, however, the Group organizes its retirement benefits via defined benefit plans. The net defined benefit liability for Belgium, Germany, UK and US together (within Agfa in this context also referred to as 'material countries') represent 96% (2018: 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 UK, 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.

	December 31, 2018			**December 31, 2019**		
MILLION EURO	Belgium/ Germany/ UK/US	Other countries	**TOTAL**	Belgium/ Germany/ UK/US	Other countries	**TOTAL**
Liabilities for post-employment benefits	1,006	40	1,046	1,077	48	1,125
	96%			96%		

	2018			**2019**		
MILLION EURO	Belgium/ Germany/ UK/US	Other countries	**TOTAL**	Belgium/ Germany/ UK/US	Other countries	**TOTAL**
Defined contribution plans - net premiums and taxes	4	5	9	4	5	9
Post-employment defined benefit plans - current service & administrative cost	21	1	22	21	1	22
Post-employment defined benefit plans - past service cost	1	-	1	-	-	-
Post-employment defined benefit plans - gains on settlements	-	-	-	(1)	-	(1)
Belgian defined contribution plans with return guaranteed by law	14	-	14	14	-	14
Expenses related to post-employment benefits, included in EBIT	**41**	**6**	**47**	**39**	**6**	**45**
	86%			86%		
Net interest cost related to post-employment benefits	**22**	**1**	**23**	**22**	**1**	**23**
Total expenses related to post-employment benefits	**63**	**7**	**70**	**61**	**7**	**68**

13.1 DEFINED CONTRIBUTION PLANS

The Agfa-Gevaert Group companies have paid in 2019 for their defined contribution plans 9 million Euro contributions to publicly or privately administered pension funds or insurance contracts (9 million Euro in 2018) of wich 4 million Euro relates to the Group's material countries. Once the contributions have been paid, the Group companies have no further payment obligation.
The regular contributions constitute an expense for the year in which they are due.

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

13.2 DEFINED BENEFIT PLANS

13.2.1 Belgian defined contribution plans with return guaranteed by law

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

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

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

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

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

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

The law about occupational pension plans, published on December 18, 2015, has also impacted the accounting treatment of defined contribution plans with return guaranteed by law. Similar to the measurement of all other defined benefit plans, the net pension liability related to defined contribution plans with return guaranteed by law is calculated as the difference between the present value of the defined benefit obligation (DBO) and the fair value of the plan assets.

As at December 31, 2019, following insured defined contribution plans are operational:

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

All these plans are fully financed by employer contributions except for the Group insurance plan for managers and executives which is financed by both employer and employee contributions.
In the course of 2018, due to the reallocation of the HealthCare IT and HealthCare Imaging business among different legal entities, plan rules of the defined contribution plans listed under 3 and 5 above have been updated to include Agfa HealthCare NV, respectively Agfa NV as sponsors.

In 2019, the annual employer contributions accrued for the Group's Belgian defined contribution plans with return guaranteed by law amounted in total to 14 million Euro (2018: 14 million Euro).
The Group expects a similar expense to accrue for 2020.

In 2018 and 2019, insurance companies have offered technical interest rates that range between 0.25% and 4.75%. Decisive factors in this context are the date an employee joins a plan and whether the insurer guarantees an interest rate on future premiums.

For each of the aforementioned defined contribution plans, the following table provides by plan information on the type of return guaranteed by the insurer and the evolution of the technical interest rates applied by the different insurers during 2019 and previous years.

<table>
<tr><th rowspan="2"></th><th rowspan="2">Description of the plan</th><th rowspan="2">Type of return guaranteed by insurer</th><th colspan="5">Interest rates provided by insurer (i.e. excluding profit sharing)</th></tr>
<tr><th>2015</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th></tr>
<tr><td>1</td><td>Top Performance Plan (NN Insurance & AGI)</td><td>Guaranteed return on reserves</td><td>1.5%</td><td>1,0%</td><td>0.75%</td><td>0.75%</td><td>0.75%</td></tr>
<tr><td>2</td><td>Pension plan for employees of Agfa HealthCare NV (Ghent): Axa</td><td>Guaranteed return on reserves and future premiums</td><td colspan="5">3.25% on the level of both employer and employee contributions at 31/12/2012; 1.75% for new entries as from January 2013 and premium increases between 31/12/2012 and 31/03/2015; 0.50% as from July 2015 up to 1/10/2016; and 0.25% afterwards</td></tr>
<tr><td>3</td><td>Pension plan for executives of Agfa-Gevaert NV and Agfa HealthCare NV: Axa</td><td>Guaranteed return on reserves</td><td>1.75%</td><td>1.5%</td><td>0.75%</td><td>0.75%</td><td>0.75%</td></tr>
<tr><td>4</td><td>Group insurance plan for managers and executives: AGI</td><td>Guaranteed return on reserves and future premiums</td><td colspan="5">3.25% on the level of both employer and employee contributions at 31/12/2012; 1.75% for new entries as from January 2013 and premium increases between 31/12/2012 and 31/03/2015; 1% as from April 2015 up to 1/07/2016; 0.50% up to 1/04/2017 and 0.25% afterwards</td></tr>
<tr><td>5</td><td>Group insurance plan for employees of Agfa HealthCare NV and Agfa NV: AGI</td><td>Guaranteed return on reserves</td><td>2.25% until 1/07/2015; 1.5% as from July 2015</td><td>1.50% until 1/07/2016; 1.0% as from July 2016</td><td>1.50% until 1/07/2016; 1.0% as from July 2016 up to April 2017; and 0.75% afterwards</td><td>0.75%</td><td>0.75%</td></tr>
</table>

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.

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

Belgium

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

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

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

The contribution is expressed as an annual fixed percentage of payroll in order to finance the total service liability. The latest financing plan, reviewed on the December 31, 2016 data have resulted in increased contribution rates as from 2018, mainly due to a decrease of the discount rate assumption, aligned with long-term expectations on return. According to the latest actuarial valuation report on the Belgian OFP, dated December 2019, the funded percentage was 114.73% (2018: 122.74%).

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 February 7, 2014. The Local Investment Committee needs to ensure that plan assets are invested effectively and prudently, in full compliance with all applicable laws, and for the benefit of plan participants and beneficiaries.

Germany

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

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

In Germany, we distinguish the 'old pension plan' that was closed to new entries as from 2005 and closed to future accruals as from 2010 and the 'new pension plan' applicable to employees joining as from 2005. In 2010, the population that benefited from the former 'old pension plan' that was closed to future accruals as of December 31, 2009 also joined the 'new pension plan', however comprising supplementary benefit entitlements compared with the employees joining as from 2005. Both plans comprise a basic and supplementary plan.

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

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

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

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

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

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

The defined benefit liability in Germany also includes pension plans that are fully based on deferred compensation models. The benefits accrued under these plans are based on the annually deferred compensation amount of each beneficiary converted into pension entitlements and in some cases additionally considering a pre-determined annual increase of those entitlements.
For a part of the workforce, i.e. HealthCare IT employees, there are pension plans managed by different external funds (Pensionskassen). These plans are mainly financed by deferred compensation models and are accounted for as defined contribution plans.
Additionally, top management of Agfa HealthCare IT in Germany is provided with a salary related pension scheme, processed by a congruently funded multi-employer plan (kongruent rückgedeckte Unterstützungskasse).
The different closed defined retirement benefit plans as well as the plans that remain open expose the Company to actuarial risks such as interest rate risk, pension indexation risk and longevity risk.

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

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

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 2018 and 2019: 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 2016, Agfa has entered in January 2017 into an agreement with the trustees to contribute 48 quarterly fixed payments for the next 12 years, starting in January 2017.

During December 2018, an Enhanced Transfer Value (ETV) exercise was executed. Legislation in UK allows deferred members of a defined benefit scheme to transfer value to an alternative pension arrangement with a third party provider. The statutory amount that is paid is known as a Cash Equivalent Transfer Value (CETV). With an ETV, members got an incentive on top of the standard transfer amount (CETV) to transfer their benefits into another scheme or individual arrangement. The ETV project has resulted in an additional cash-out from plan assets of 5 million Euro in December 2018 and 33 million Euro in January 2019.

US

As from 2009, the Agfa Corporation Pension Plan has been fully closed. Agfa Corporation, Agfa HealthCare Corporation, Agfa Materials Corporation, Agfa Finance Corporation and Agfa US Corporation are participating employers in said pension plan.

The plan participants are eligible for a benefit based on a final average pay formula. This frozen defined benefit plan exposes the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The defined benefit plan assets are held in a trust. The Board of Directors of Agfa Corporation, the plan sponsor, delegate investment decisions and oversight of the plan's assets to a local investment committee, the Benefits Plan Investment Committee (BPIC). The BPIC members have a fiduciary duty to act solely in the best interests of the beneficiaries according to the trust agreement and US law. The legal and regulatory framework for the plan is based on the applicable US legislation Employee Retirement Income Security Act (ERISA). Based on this legislation a funding valuation is prepared annually. Participant-beneficiaries do not contribute to the plan.

The plan sponsor and participating employers contribute such amounts as are deemed necessary on an actuarial basis to provide sufficient funds to meet the benefits to be paid to plan members. Minimum contributions are based on the requirements prescribed by the provisions of the Employee Retirement Income Security Act (ERISA) of 1974 and the Pension Protection Act of 2006 (PPA). Pursuant to the PPA, each year the actuary is required to certify the plan's funded percentage. The plan's funded percentage from the 2019 certification issued on July 1, 2019, was 82.42% (80.34% for 2018).

During 2018, a terminated vested cash-out project took place for the Agfa Corporation Pension Plan. The cash-out from plan assets amounted to 26 million Euro. The annuity purchase project which took place in 2019 has reduced the pension assets and defined benefit liability by 116 million Euro, resulting in a gain on settlement amounting to 1 million Euro.

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 2018 and 2019

MILLION EURO	2018			2019		
	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	**1,078**	**2**	**1,080**	**1,001**	**5**	**1,006**
Defined benefit cost included in profit or loss	45	14	59	42	14	56
Total remeasurements included in OCI	(29)	2	(27)	126	5	131
Cash flows						
Employer contributions	(56)	(13)	(69)	(67)	(16)	(83)
Benefits paid directly by the company	(42)		(42)	(41)		(41)
Currency effects: charge (or credit)	5		5	7		7
Net liability at December 31	**1,001**	**5**	**1,006**	**1,068**	**9**	**1,077**

The employer contributions for 2018 and 2019 have been impacted by one-time payments for US (25 million Euro in 2018 and 27 million Euro in 2019) and UK (9 million Euro in 2019), mainly to maintain the same funding ratio after the lump sum and annuity purchase projects in US and the ETV project in UK.

Defined benefit costs for 2018 and 2019

MILLION EURO	2018			2019		
	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans	TOTAL	Retirement plans (excl. Belgian DC-plans)	Belgian DC-plans	TOTAL
Service cost						
Service cost, exclusive of employee contributions	20	14	35	20	14	34
Past service cost	1	-	1	-	-	-
(Gain) loss on settlements	-	-	-	(1)	-	(1)
Total service cost	**21**	**14**	**36**	**20**	**14**	**33**
Net interest cost						
Interest expense on DBO	48	3	51	46	3	50
Interest (income) on plan assets	(26)	(3)	(29)	(25)	(3)	(28)
Total net interest cost	**22**	**-**	**22**	**21**	**-**	**21**
Administrative expenses and taxes	1	-	1	1	-	1
DEFINED BENEFIT COST INCLUDED IN PROFIT OR LOSS	**45**	**14**	**59**	**42**	**14**	**56**
Actuarial losses (gains)						
Experience losses (gains) on plan liabilities	(10)	(16)	(26)	2	(4)	(2)
Demographic assumptions	(11)	-	(11)	(6)	-	(6)
Financial assumptions	(74)	(1)	(75)	225	11	237
Return on plan assets excl. Interest income	66	19	85	(95)	(2)	(97)
Total remeasurements included in OCI	**(29)**	**2**	**(27)**	**126**	**5**	**131**
TOTAL DEFINED BENEFIT COST RECOGNIZED IN PROFIT OR LOSS AND OCI	**16**	**16**	**33**	**168**	**19**	**188**

The total defined benefit cost recognized in profit or loss and Other Comprehensive Income (OCI) for 2019 for the Group's material countries amounted to 188 million Euro (2018: 33 million Euro). Of this amount, 56 million Euro expense is reflected in the Group's Consolidated Statement of Profit or Loss over 2019 (2018: 59 million Euro expense). The balance, being a cost of 131 million Euro for 2019 (a credit of 27 million Euro for 2018) is reflected in OCI under 'Remeasurements of the net defined benefit liability'. These remeasurements originate from experience gains on plan liabilities, changes in demographic and financial assumptions as well as from experience adjustments on the fair value of assets. Details are provided below.

In 2018, the defined benefit cost in profit or loss for the Group's material countries includes a past service cost amounting to 1 million Euro, resulting from the legal GMP equalization adjustment related to the Agfa UK Pension Plan.

The net settlement gain realized in 2019 is primarily attributable to an annuity purchase project for the Agfa Corporation Pension Plan.

Evolution defined benefit obligation, fair value of assets and funded status during 2018 and 2019

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

	2018			**2019**		
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	2,110	195	2,306	1,970	183	2,153
Service Cost						
Current service cost, exclusive of employee contributions	20	14	35	20	14	34
Past service cost	1	-	1	0	-	0
(Gain)/loss on settlements	-	-	-	(1)	-	(1)
Interest expense	48	3	51	46	3	50
Cash flows						
Benefit payments	(127)	(14)	(141)	(247)	(9)	(256)
Employee contributions	-	1	1	0	1	1
Premiums Paid	-	-	-	-	-	-
Remeasurements						
Effect of changes in demographic assumptions	(11)	-	(11)	(6)	-	(6)
Effect of changes in financial assumptions	(74)	(1)	(75)	226	11	237
Effect of experience adjustments	(10)	(16)	(26)	2	(4)	(2)
Currency effects: charge (or credit)	13	-	13	31	-	31
Defined benefit obligation at December 31	**1,970**	**183**	**2,153**	**2,041**	**200**	**2,241**
Change in Plan Assets						
Fair value of assets at January 1	1,033	193	1,225	969	178	1,147
Interest income	26	3	29	25	3	28
Employer contributions	98	13	111	109	16	124
Employee contributions	-	1	1	-	1	1
Benefit payments	(127)	(14)	(141)	(247)	(9)	(256)
Administrative expenses and taxes	(2)	-	(2)	(2)	-	(2)
Premiums Paid	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-
Return on plan assets (excluding interest income)	(65)	(19)	(85)	96	2	97
Currency effects: (charge) or credit	8	-	8	23	-	23
Fair value of assets at December 31	**969**	**178**	**1,147**	**973**	**191**	**1,164**
Funded status at December 31						
Funded status	1,001	5	1,006	1,068	9	1,077
Effect of asset ceiling/onerous liability	-	-	-	-	-	-
Net liability (asset) at December 31	**1,001**	**5**	**1,006**	**1,068**	**9**	**1,077**

At December 31, 2019, the total defined benefit obligation for the Group's material countries, excluding defined contribution plans with return guaranteed by law, amounted to 2,041 million Euro (1,970 million Euro at December 31, 2018). Of this amount, 1,303 million Euro (1,284 million Euro at December 31, 2018) is related to wholly or partly funded plans and 738 million Euro (686 million Euro at December 31, 2018) is related to unfunded plans.

At December 31, 2019, the financing deficit for the Belgian defined contribution plans with guaranteed return amounted to 9 million Euro (5 million Euro at December 31, 2018). The net pension liability for these plans is calculated as the difference between the present value of the defined benefit obligation (DBO) amounting to 200 million Euro (183 million Euro at December 31, 2018) and the fair value of the plan assets amounting to 191 million Euro (178 million Euro at December 31, 2018). At December 31, 2019, the present value of the defined benefit obligation of the 'Top Performance Plan' and the 'Group insurance plan for managers and executives represent in aggregate 89% of the total DBO (89% at December 31, 2018) whereas the funding gap is almost fully attributable to the Top Performance Plan. General information on defined benefit plans with return guaranteed by law together with the characteristics of these plans are provided under Note 13.3.1.

In 2018, the benefit payments for the Group's material countries amounted to 141 million Euro and comprises of 26 million Euro settlement payments for the terminated vested benefits cash-out project with regard to the Agfa Corporation Pension Plan in the US and 5 million Euro payments for the Enhanced Transfer Value Exercise with regard to the Agfa UK Pension Plan.

The benefit payments in 2019 amounted to 256 million Euro and have been impacted by 149 million Euro settlement payments, 33 million Euro in UK and 116 million Euro in US.

History of asset values, defined benefit obligation and deficit for the period 2015 until 2019

MILLION EURO	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	**December 31, 2019**
Fair value of plan assets	1,156	1,227	1,225	1,147	1,164
Present value of defined benefit obligation	2,245	2,410	2,306	2,153	2,241
Surplus/(Deficit) in the plan	**(1,089)**	**(1,183)**	**(1,080)**	**(1,006)**	**(1,077)**

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 2018 and 2019, the following principal actuarial assumptions (weighted averages) have been used.

	December 31, 2018	**December 31, 2019**
Discount rate	2.51%	1.60%
Future salary increases	2.26%	3.02%

The above stated average discount rate and salary increases have been determined based on the actuarial assumptions applied in the different defined benefit plans of the Group's material countries weighted by the defined benefit obligation of the respective plans. The discount rates used are determined by reference to the rates available on high-quality corporate bonds, that have a credit rating of at least AA from a main rating agency, that have maturity dates approximating the terms of the Group's obligations.

Weighted average duration

The Group has consistently calculated the weighted average duration by taking the average of the durations obtained via sensitivities +25 bps and -25 bps on the discount rate for the retirement plans of the Group's material countries. At December 31, 2019, the weighted average duration is 13 years (13 years at December 31, 2018).

Sensitivity analysis

The following information illustrates the sensitivity to a change as at December 31, 2019 in certain assumptions for the retirement plans of the Group's material countries.

MILLION EURO	Effect on December 31, 2018 Defined benefit obligation	**Effect on December 31, 2019 Defined benefit obligation**
25 bp decrease in discount rate	71	75
25 bp increase in discount rate	(65)	(71)
Change in mortality table, assuming employees live one year longer	54	63
Change in mortality table, assuming employees live one year shorter	(51)	(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, 2018	**December 31, 2019**
Cash, cash equivalents and other	33	27
Equity instruments	322	247
Debt instruments	604	693
Assets held by insurance company (1)	188	197
TOTAL	**1,147**	**1,164**

(1) Mainly DC plans with return guaranteed by law.

95% of the equity and debt instruments are invested through passive management (index tracking). At year-end 2018 and 2019, 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 2020

For 2020, the Group expects for the defined benefit plans of its material countries a total defined benefit cost in profit or loss of 54 million Euro, comprising of 40 million Euro service and administrative expenses and taxes (of which 15 million Euro related to defined contribution plans in Belgium) and 15 million Euro net interest costs.

During the next fiscal year 2020, the Group expects to contribute 81 million Euro for its material retirement plans. This amount excludes the estimated contribution payments for the defined contribution plans in Belgium amounting to 14 million Euro and extra cash out to further reduce and de-risk the pension liabilities.

The expected cash out, excluding Belgian DC-plans, is 27 million Euro lower than the Company's cash out for 2019 which amounted to 108 million Euro, comprising of 67 million Euro employer contributions and 41 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, 2019, long-term termination benefits amounted to 12 million Euro (20 million Euro at December 31, 2018) 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

On March 1, 2016, the Group established a cash-settled share-based payment plan for specific participants indicated by the Board of Directors. Participants are granted a Stock Appreciation Right Bonus giving right to a cash bonus reflecting the increase of the Company stock on the Euronext Brussels over a reference period of three years.

In total 657,000 stock appreciation rights were allocated to the members of the plan, with a vesting period of three years starting as from March 1, 2016. The fair value of the rights is determined at each closing date using a Black & Scholes model, and presented as a liability with corresponding changes on fair value recognized in profit or loss (2019: minus 0.1 million euro; 2018: 0.2 million Euro).

At December 2019, there are no outstanding stock appreciation rights.

16. OTHER EMPLOYEE BENEFITS

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

MILLION EURO	2018	2019
Long-term employee benefits	13	12
Short-term employee benefits		
Liabilities for social expenses	26	26
Payroll liabilities	9	3
Other short-term liabilities	98	101
TOTAL	**146**	**142**

Long-term employee benefits comprise a long-term disability plan in the US, the plans 'Jubilee' and 'Pensionsurlaub' in Germany and some other long-service leave and service awards.
At December 31, 2019, these amounted to 12 million Euro (13 million Euro at December 31, 2018).

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	2018	2019
Taxes paid or accrued	32	29
Related to this year	40	30
Related to prior years	(7)	-
Deferred tax expense (income)	1	(1)
From temporary differences	(1)	(4)
From tax loss carryforwards and tax credits	2	3
Income tax expense	**34**	**28**

Deferred tax income amounts to 1 million Euro versus 1 million Euro deferred tax expense in the previous year.
Further information on the major components of tax expense (income) is provided in the table reflecting the reconciliation between the theoretical tax rate and the effective tax rate in Note 17.3.2.

17.1 CURRENT INCOME TAX ASSETS AND LIABILITIES

At December 31, 2019, current income tax assets amount to 75 million Euro, of which more than 50% 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 49 million Euro, of which 16.8 million Euro relates to uncertain tax positions. From these uncertain tax positions, 5.9 million Euro is relating to ongoing tax audits, procedures and litigations in various jurisdictions. Another 10.9 million Euro is relating to potential discussions in respect of transfer pricing. Although the group is confident that all of its intragroup dealings 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, 2018			**December 31, 2019**		
MILLION EURO	Assets	Liabilities	Net	**Assets**	**Liabilities**	**Net**
Intangible assets and goodwill	31	26	4	29	20	9
Property, plant and equipment	8	11	(3)	14	11	3
Right-of-use assets	-	-	-	-	29	(29)
Investments in associates and non-current financial assets	-	3	(3)	-	3	(3)
Inventories	22	1	21	21	1	20
Receivables	-	-	-	2	4	(2)
Provisions and liabilities for post-employment benefits	38	1	37	48	2	46
Lease liabilities	-	-	-	30	-	30
Other current assets & other liabilities	-	1	(1)	3	5	(2)
Deferred tax assets and liabilities related to temporary differences	**98**	**42**	**55**	**146**	**75**	**71**
Tax loss carry-forwards	35	-	35	33	-	33
Excess tax credits	2	-	2	1	-	1
Deferred tax assets/liabilities	**135**	**42**	**92**	**181**	**75**	**106**
Set off of tax	(20)	(20)	-	(58)	(58)	-
Net deferred tax assets/liabilities	**114**	**22**	**92**	**122**	**17**	**106**

The movement in temporary differences during 2018-2019 is disclosed in Note 17.4.

At December 31, 2019, the net deferred tax assets of 106 million Euro relate for more than 30% to HealthCare IT and are based on its long-term business plan, taking into account a 8-year period. The remainder of this net deferred tax position primarily relates defined benefit plans in Germany (for 25%), mostly related to active employees, and the impact on the elimination of intercompany profit in inventory (for 10%).

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: 239 million Euro (2018: 215 million Euro);
- tax credits: 18 million Euro (2018: 18 million Euro);
- temporary differences: 199 million Euro (2018: 186 million Euro).

The remeasurements of the net defined benefit liability (IAS 19R) has a significant effect on the unrecognized deferred tax assets in respect of temporary differences.

The impact is situated in entities of the Group for which the Group's management estimated that it is not sufficiently probable that the related tax benefit would be realized.

The unrecognized deferred tax assets related to the impact of the 2011 amendment of IAS 19 and the subsequent remeasurements of the net defined liability amount to 140 million Euro and would impact OCI when recognized.

The deferred tax asset impact on unused temporary differences, tax losses and tax credits expires as follows:

MILLION EURO	Temporary differences	Tax losses	Tax credits	**TOTAL**
Expiry in:				
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
after	-	21	-	22
No expiry	199	217	18	433
TOTAL	**199**	**239**	**18**	**456**

17.3 RELATIONSHIP BETWEEN INCOME TAX EXPENSE AND PROFIT (LOSS) BEFORE INCOME TAXES

17.3.1 Summary 2018 and 2019

MILLION EURO	2018	**2019**
Profit (loss) before income taxes	19	(20)
Income tax expense	34	28
Tax rate	181.07%	-135.92%

17.3.2 Reconciliation of effective tax rate 2018 and 2019

MILLION EURO	2018	**2019**
Profit (loss) before income taxes	19	(20)
Theoretical income tax expense (income)	5	(7)
Theoretical tax rate (1)	**27.49%**	**35.34%**
Disallowed items	12	6
Impact of tax credits and other deduction from tax basis	(9)	(4)
Tax losses of the year for which no deferred tax asset has been recorded	47	31
Tax losses used this year for which no deferred tax asset was recorded	(1)	-
Tax income recorded on losses of previous years	-	-
Tax expense/(income) due to movement in deductible temporary differences for which no deferred tax asset was recorded	(20)	(11)
Witholding taxes	1	2
Impairments on goodwill and other assets for which no deferred tax asset has been recorded	-	11
Impact of adjustment in deferred tax rates	-	1
Other	(2)	0
Income tax expense	**34**	**28**
Effective tax rate	**181.07%**	**-135.92%**

(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 2018-2019

MILLION EURO	December 31, 2017	Change in consolidation scope	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	December 31, 2018	Change in accounting policies	PPA Adjustments (see note 19)	Recognized in profit or loss	Recognized in other comprehensive income	Translation reserves	**December 31, 2019**
Intangible assets and goodwill	16	(6)	(6)	-	-	4	-	4	-	-	-	9
Property, plant and equipment	(4)	-	1	-	-	(3)	-	-	6	-	-	3
Right-of-use assets	-	-	-	-	-	-	(29)	-	-	-	-	(29)
Investments in associates and non-current financial assets	-	-	(3)	-	-	(3)	-	-	-	-	-	(3)
Inventories	16	-	5	-	-	21	-	-	(2)	-	-	20
Receivables	1	-	(1)	-	-	-	-	-	(2)	-	-	(2)
Provisions and liabilities for post-employment benefits	30	-	7	-	-	37	-	-	1	8	-	46
Lease liabilities	-	-	-	-	-	-	29	-	1	-	-	30
Other current assets and other liabilities	(6)	-	(1)	5	-	(1)	-	-	(1)	-	-	(2)
Deferred tax assets and liabilities related to temporary differences	**53**	**(6)**	**1**	**5**	**-**	**55**	**-**	**4**	**4**	**8**	**-**	**71**
Tax loss carry-forwards	37	-	(2)	-	-	35	-	-	(1)	-	-	33
Excess tax credits	4	-	(1)	-	-	2	-	-	(1)	-	-	1
Deferred tax assets/liabilities	**94**	**(6)**	**(1)**	**5**	**-**	**92**	**-**	**4**	**1**	**8**	**-**	**106**

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

18. OTHER TAXES

Other tax receivables amount to 14 million Euro (2018: 25 million Euro) and other tax liabilities amount to 27 million Euro (2018: 27 million Euro).

Other tax receivables and liabilities relate to other tax, such as VAT and other indirect taxes.
Other tax receivables are offset against other tax liabilities when they relate to taxes levied by the same taxation authority, there is a legal right to offset and are intended to be settled on a net basis.

ACQUISITIONS AND DISPOSALS

19. ACQUISITIONS

During 2019, the Group finalized the acquisition of Ningbo Hongtai Medical Equipment Ltd, a leading distributor of hardcopy film in China, for a purchase price of 5 million Euro. The transfer of the business took place gradually by geographical area.

Acquisitions of prior year also affected the statement of financial position and the statement of cash flows. The cash out for acquisitions in the 2019 consolidated statement of cash flows amounts to 16 million Euro, and relates to the cash out of the acquisition of Ningbo Hongtai Medical Equipment Ltd (4 million Euro), the cash out related to the other leading distributors of hardcopy film in China (2 million Euro), a deferred consideration paid related to the 2018 IPAGSA acquisition (8 million Euro) and the 2017 Bodoni acquisition (1 million Euro), and an adaptation of the purchase price of Inovelan SA (0.5 million Euro).

The tables below show the cash outflow by acquisition in 2019 and 2018; the identifiable assets and liabilities assumed and the amount of goodwill recognized.

Acquisitions 2018

The 2018 acquisitions of Inovelan SA, IPAGSA and the agreement with the distributors of hardcopy film in China had the following effect on the consolidated statement of financial position and the consolidated statement of cash flows:

MILLION EURO	Note	Inovelan SA	IPAGSA	Ningbo Hongtai Medical Equipment Co. Ltd.	Ningbo Hongtai Medical Equipment Co. Ltd., Ruifeng International Development Co. Ltd., Chengguang Trading Co. Ltd.	TOTAL
Intangibles with finite useful life						
Technology	27	2	-	-	-	**2**
Customer relationships	27	1	4	5	11	**21**
Tradenames	27	-	1	-	-	**1**
Trade receivables		2		-	-	**2**
Inventories		-	8	-	-	**8**
Cash		1	-	-	-	**1**
Other liabilities		(1)	-	-	-	**(1)**
Financial debt		(1)	-	-	-	**(1)**
Deferred tax liability	17.4	(1)	(1)	(1)	(3)	**(6)**
Total identifiable net assets acquired		**3**	**12**	**4**	**8**	**28**
Goodwill amount recognised	27	6	1	1	3	**12**
Consideration		**9**	**13**	**5**	**11**	**40**
of which deferred consideration		-	10	1	2	**13**
Consideration transferred		**(9)**	**(3)**	**(5)**	**(9)**	**(26)**
Cash acquired		1	-	-	-	**1**
Net cash outflow		**(8)**	**(3)**	**(5)**	**(9)**	**(25)**

Acquisitions 2019, including adjustments and cash implications of previous acquisitions

The 2019 acquisition of the distributors of hardcopy film in China (Ningbo Hongtai Medical Equipment Ltd.), and the former acquisitions of Inovelan SA, IPAGSA and Bodoni Systems Ltd. had the following effect on the consolidated statement of financial position and the consolidated statement of cash flows:

MILLION EURO	Note	Inovelan SA	IPAGSA	Ningbo Hongtai Medical Equipment Co. Ltd.	Ningbo Hongtai Medical Equipment Co. Ltd., Ruifeng International Development Co. Ltd., Chengguang Trading Co. Ltd.	Bodoni systems Ltd.	**TOTAL**
Intangibles with finite useful life							
Technology		-	-	-	-	-	-
Customer relationships	27	-	-	5	-	-	5
Tradenames		-	-	-	-	-	-
Deferred tax liability	17.4	-	-	1	3	-	4
Total identifiable net assets acquired		**-**	**-**	**6**	**3**	**-**	**9**
Goodwill amount recognised	27	1	-	(1)	(3)	-	(3)
Consideration		**1**	**-**	**5**	**-**	**-**	**5**
of which deferred consideration		-	-	1	-	-	1
Net cash outflow		**(1)**	**(8)**	**(4)**	**(2)**	**(1)**	**(16)**
Gain on remeasurement of deferred contingent consideration (1)	**10**	**-**	**(2)**	**-**	**-**	**(1)**	**(3)**

(1) During 2019, the deferred contingent consideration related to the business combination of IPAGSA was paid for an amount of 8 million Euro.
The remaining balance of this deferred contingent consideration (2019: 2 million Euro) was adjusted due to the fact the earnings targets have not been reached.
The resulting gain is booked in 'Other finance income' (2019: 2 million Euro).
During 2019, the deferred contingent consideration related to the acquisition of Bodoni Systems Ltd. was partly paid (1 million Euro), partly adjusted (1 million Euro) due to the fact that earnings targets have not been reached.
The resulting gain is booked in 'Other finance income.'

Agreement with distributors of hardcopy film in China

In the second quarter of 2018, in the framework of the reorganization of Agfa's hardcopy distribution channels in China the Group has integrated in its own organization, the business of distribution and maintenance of Agfa products in China from Ningbo Hongtai Medical Equipment Limited, a leading distributor of hardcopy film in China. The Group acquired customer lists together with a major part of the workforce employed by Ningbo Hongtai Medical Equipment Limited which will enable the Group to distribute its products and related services in certain areas in China. The transfer of the business took place gradually by geographical area over a period that started in the first quarter of 2018 and ending by June 2019.

In the third quarter of 2018, also in the framework of the reorganization of Agfa's hardcopy distribution channels in China, the Group has integrated the business of distribution of Agfa film products in China from Ningbo Hongtai Medical Equipment Co. Ltd., Ruifeng International development C.o Ltd., Chengguang Trading Co. Ltd., three leading distributors of hardcopy film in China.

Customer relationships acquired during 2019 amount to 5 million Euro and are amortized over a period of five years. Customer relationships acquired during 2018 amount to 15 million Euro and are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model.

At the end of 2018, the amount of goodwill recognized on these acquisitions amounted to 5 million Euro. In 2019, this amount has been adjusted downwards with 4 million Euro due to a reversal of a deferred tax position related to the customer relationships acquired.
The remaining goodwill on acquisition (1 million Euro) mainly relates to operating synergies and workforce.

INOVELAN

In the second quarter of 2018, the Group acquired 100% of the shares of Inovelan SA, a French e-health leader in the healthcare communication and care coordination. The acquisition will further strengthen Agfa HealthCare's Integrated Care platform, by adding value to the interoperability, expertise in secure messaging and chronic disease management to the French market.

The purchase price amounted to 9.5 million Euro, of which 0.7 million Euro will be paid over the coming two years based on EBIT achievements of the company acquired. During 2019, this purchase price has been adapted with 0.5 million Euro.

Acquired technology and contractual customer relationships are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model.

The goodwill on acquisition mainly relates to operating synergies. The total goodwill amount is not deductible for tax purposes. Acquisition costs are immaterial and are included in 'administrative expenses'.

IPAGSA

In November 2018, Agfa Graphics acquired 100% of the shares of IPAGSA Industrial SL, a Spanish privately-owned printing plate supplier and 100% of the shares of IPAGSA Shanghai Printing Material Ltd. This acquisition is a step in the strategy towards profitable growth and increase the market share. Agfa will as such be able to better address price sensitive regions and segments of the global printing market. With this acquisition, Agfa aims to build a global independent low cost business with an own identity separate from Agfa, under the IPAGSA brand.

The purchase price amounted to 13 million Euro, of which 3 million was paid in cash and 10 million euro to be paid over a period between 2019 and 2020. During the first half of 2019, an amount of 8 million Euro was paid and an amount of 2 million Euro was reversed in profit or loss due to the fact that targets have not been reached.

Acquired contractual customer relationships and tradenames are amortized over a period of five years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model. The goodwill on acquisition mainly relates to operating synergies and workforce.

BODONI

In June 2017, the Group acquired all of the shares of Bodoni Systems Limited, a UK based company specialized in color management consultancy and publisher of pressSign, the most popular print standardization software. With this acquisition the Group wishes to strengthen its position in this segment.
The purchase price amounted to 5 million Euro, of which 2 million Euro is paid in cash and 3 million will be paid over 2018 and 2019 based on EBIT achievements of the company acquired. During 2019, 1 million of this deferred consideration was recognized in financial result as targets were not reached.

20. DISPOSALS

In 2019, the Group sold its reseller Inkjet business in the US. This business has been part of the division Digital Print & Chemicals. The sold Inkjet business consists primarily of purchasing and reselling third-party products. This activity was deemed 'non-core' and not accretive to the Group's overall business following a strategic decision to place greater focus on the Group's key competences.

The consolidated statement of profit or loss has been represented to show the discontinued operation separately from continuing operations.

The table below shows the results and cash flows of discontinued operations.

A. Results of discontinued operations		
MILLION EURO	2018	**2019**
Revenue	56	28
Operating expenses	(59)	(29)
Results from operating activities	(3)	(1)
Income tax	-	-
Results from operating activities - net of tax	**(3)**	**(1)**
Gain on the sale of discontinued operations	-	6
Income tax on gain on sale of discontinued operations	-	-
Profit (loss) from discontinued operations - net of tax	**(3)**	**5**

B. Cash flows from (used in) discontinued		
MILLION EURO	2018	**2019**
Results from operating activities	(3)	(1)
D&A	-	-
Working capital evolution	2	15
Capex	-	-
Income tax	-	-
Net cash flows for the year	**(1)**	**14**

C. Effect of disposal on the financial position of the Group		**2019**
MILLION EURO	Note	Divestment of reseller business Digital Print & Chemicals in the US
Contractual customer relationships - gross amount	27	(5)
Contractual customer relationships - amortization	27	5
Inventories		(10)
Total identifiable net assets divested		**(10)**
Consideration received		**16**
Gain on disposal	9	**6**

FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

In the normal course of its business, the Group is exposed to a number of financial risks such as currency risk, interest rate risk, commodity price risk, liquidity risk and credit risk that could affect its financial position and its result of operations. The Group's objectives, policies and processes in managing these financial risks are described further in this note. In managing these risks, the Group may use derivative financial instruments. The use of derivative financial instruments is subject to internal controls and uniform guidelines set up by the Group's Treasury Committee. Derivatives used are over-the-counter instruments, particularly forward exchange contracts.

Since a few years, the Group also concludes metal swaps.

21. MARKET RISK

21.1 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The foreign currency risk management distinguishes between three types of foreign currency risk: foreign currency transaction risk, foreign currency translation risk and foreign currency economic risk.

The Group incurs foreign currency transaction risk on accounts receivable, accounts payable and other monetary items that are denominated in a currency other than the Company's functional currency. Foreign currency transaction risk in the Group's operations also arises from the variability of cash flows in respect of forecasted transactions.

Foreign operations which do not have the Euro as their functional currency give rise to a translation risk.
The foreign currency economic risk is the risk that future cash flows and earnings generated by foreign operations may vary. Foreign currency economic risk is highly connected with other factors such as the foreign operations' competitive position within an industry, its relationship with customers and suppliers.

In monitoring the foreign currency risk exposures, the central treasury department focuses on the transaction and translation risk exposures whereas business management seeks to manage the foreign economic risk through natural hedges.

Each of the above types of foreign currency risk exposure impacts the financial statements differently.

The 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.

21.2 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, 2018				
USD	51.5	(148.9)	94.6	(2.8)
RMB	386.3	(394.8)	-	(8.5)
GBP	10.8	(44.7)	36.5	2.6
CAD	(1.5)	(1.8)	-	(3.3)
AUD	7.9	(6.8)	-	1.1
INR	774.7	-	(710.7)	64
HKD	92.9	(81.2)	-	11.7
December 31, 2019				
USD	48.2	(154.5)	104.8	(1.5)
RMB	265.8	(196.1)	-	69.7
GBP	7.9	(38.5)	33.6	3
CAD	0.3	(4.1)	-	(3.8)
AUD	5.2	(4.2)	-	1
INR	360.3	-	(505)	(144.7)
HKD	187.3	(171.2)	-	16.1

The aim of Group's management regarding transaction exposure in the statement of financial position is to minimize, over the short term, the revaluation results – both realized and unrealized – of items in the statement of financial position that are denominated in a currency other than the Company's functional currency.

In order to keep the exposures within predefined risk adjusted limits, the central treasury department economically hedges the net outstanding monetary items in the statement of financial position in foreign currency using derivative financial instruments such as forward exchange contracts. As of December 31, 2019, 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.

21.3 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 and associates have as functional currency the currency of the country in which they operate. The currencies giving rise to the Group's translation risk in the statement of financial position are primarily the US Dollar, Canadian Dollar, Chinese Renminbi, Pound Sterling, Brazilian Real, Australian Dollar and Argentina Peso.

MILLION FOREIGN CURRENCY	Net investment in a foreign entity December 31, 2018	 **December 31, 2019**
USD	202	186
CAD	228	227
RMB	429	575
GBP	(44)	(52)
BRL	132	155
AUD	41	39
ARS	141	148

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.

21.4 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 – 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 2019, the Group designated foreign exchange contracts as 'cash flow hedges' of its foreign currency exposure in US Dollar and Chinese Renminbi related to highly probable forecasted revenue over the following 15 months.

The portion of the gain on the forward exchange contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2019: 0 million Euro). During 2019, losses amounting to 3 million Euro have been recognized in 'Other comprehensive income'. An amount of 3 million Euro has been reclassified from 'Other comprehensive income' and has been deducted from Turnover. Taxes amounting to 0 million Euro have been deducted from 'Other comprehensive income'.

In the course of 2018, 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, 2018: 0 million Euro). During 2018, gains amounting to 0.6 million Euro have been recognized in 'Other comprehensive income'. An amount of 4 million Euro has been reclassified from 'Other comprehensive income' and has been included in Turnover. Taxes amounting to 0 million Euro have been deducted from 'Other comprehensive income'.

The following table summarizes the effect of the cash flow hedges on the financial statements:

	2019			**During the period - 2019**						
		Carrying amount								
MILLION EURO	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	25	0.3	(0.8)	Derivative financial instruments	(3)	(2)	Other finance expense	3	-	Turnover

	2018			During the period - 2018						
		Carrying amount								
MILLION EURO	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	23	0.2	(1.3)	Derivative financial instruments	0	(3)	Other finance expense	(4)	-	Turnover

At December 31, 2019 and 2018 the Group held following instruments designated as cash flow hedges hedging its exposure in foreign currency:

2019		Maturity		
MILLION FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Forward exchange contracts designated as cash flow hedges				
Nominal amounts net	USD	16	-	-
	CNY	88	-	-
Average EUR:USD forward contract rate		1,134	-	-
Average EUR:CNY forward contract rate		7,644	-	-
2018		Maturity		
MILLION FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Forward exchange contracts designated as cash flow hedges				
Nominal amounts net	USD	9	-	-
	CNY	127	-	-
Average EUR:USD forward contract rate		1,222	-	-
Average EUR:CNY forward contract rate		8,246	-	-

21.5 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 for the year 2019, net of the use of cash flow hedges.

	Profit & loss			
	2018		**2019**	
MILLION EURO	Strengthening of the Euro by 10%	Weakening of the Euro by 10%	**Strengthening of the Euro by 10%**	**Weakening of the Euro by 10%**
USD and currencies highly related to the USD - HKD – RMB	7.8	(7.8)	7.7	(7.7)
CAD	1.9	(1.9)	1.1	(1.1)
GBP	(3.7)	3.7	(2.9)	2.9
AUD	(2.2)	2.2	(2.4)	2.4
INR	(3.9)	3.9	(4)	4.0
KRW	(3.1)	3.1	(2.5)	2.5
CHF	(1.9)	1.9	(1.9)	1.9
JPY	(3.4)	3.4	(3.2)	3.2

21.6 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 & loss			
	2018		**2019**	
	Outstanding amount		**Outstanding amount**	
MILLION EURO	At floating rate	At fixed rate	**At floating rate**	**At fixed rate**
EUR	266	48	330	-
USD	(81)	-	(99)	-
GBP	(39)	-	1	-
RMB	(15)	-	7	-
AUD	(14)	-	(15)	-
JPY	9	-	19	-
BRL	-	-	8	-
CAD	3		3	-
CHF	(7)		(9)	-
HKD	(6)		(7)	-
Other	(20)	-	(19)	-
TOTAL	**96**	**48**	**219**	**-**
NET FINANCIAL DEBT	**144**		**219**	

21.7 SENSITIVITY ANALYSIS INTEREST RATE RISK

A change of 100 basis points in interest rates at December 31, 2019 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 2018.

	Profit and loss	
	100 bp increase	100 bp decrease
December 31, 2018		
Net impact	(0.9)	0.9
December 31, 2019		
Net impact	(2.19)	2.19

21.8 COMMODITY PRICE RISK

The Group's most important raw material exposures relate to silver and aluminum. The Group's commodity price risk – i.e. the risk that its future cash flows and earnings may vary because of changed material prices – is highly connected with other factors such as the Group's competitive position within an industry, its relationship with customers and suppliers.

In order to prevent negative effects from potential future price rises or price volatility of aluminum, the Group applies for aluminum a strategy of purchasing at spot rates combined with a system of 'Rolling layered forward buying'.

This 'Rolling layered forward buying' model has been set up mainly for increasing the predictability with respect to raw material prices. According to this model, the Group purchases a predefined % of the planned yearly consumption.
The Commodities Steering Committee periodically reviews the commodity purchasing and hedging strategy. Deviations from the predefined 'Rolling layered forward buying' model are possible in which case the Chief Executive Officer takes the final decision.

This 'Rolling layered forward buying' is achieved by means of metal swap agreements. These metal swap agreements are concluded with banks and are designated as 'cash flow hedges', hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum.

These commodity contracts are held for the purpose of the receipt of commodities in accordance with the Group's expected usage requirements. The Group designates the metal swap agreement as hedging the change in the aluminum price LME (hedged item) and applies a hedge ratio of 1:1. By designating only a component of the hedged item, the Group assumes very little ineffectiveness. The Group determines the existence of an economic relationship between the hedged item and the hedging instrument based on the currency, amount and timing of the respective cash flows. The Group assesses whether the derivative designated in the hedging relationship is expected to be and has been effective in offsetting changes in cash flows using regression analysis. In these relationships, the main sources of ineffectiveness are the counterparty risk and the Group's own credit risk on the fair value of the swap contracts which is not reflected in the fair value. Also changes in the timing of the hedged transactions can cause hedge ineffectiveness.

The portion of the gain or loss on the swap contracts that is determined to be an effective hedge is recognized directly in 'Other comprehensive income' (December 31, 2019: minus 3 million Euro net of tax, December 31, 2018: minus 12 million Euro net of tax). During 2019, losses amounting to 5 million Euro have been recognized in 'Other comprehensive income'. During 2018, losses amounting to 18 million Euro have been recognized in 'Other comprehensive income'.

An amount of 14 million Euro has been reclassified from 'Other comprehensive income' (2018: minus 4 million euro) and has been included in the initial carrying amount of 'Inventory'.

The following table summarizes the effect of the cash flow hedges on the financial statements:

	2019		During the period - 2019						
	Carrying amount								
MILLION EURO	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
Metal swap agreements	-	(2)	Derivative financial instruments	(5)	-	-	-	14	-

MILLION EURO	2018 Carrying amount		During the period - 2018						
	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
Metal swap agreements	-	(11)	Derivative financial instruments	(18)	-	-	-	(4)	-

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.

At December 31, 2019 and at December 31, 2018, the Group held following instruments designated as cash flow hedges hedging the exposure to foreign currency risk:

2019		Maturity		
MILLION FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value	USD	(2)	-	-
Average LME swap rate		1,964	1,919	1,826
2018		Maturity		
MILLION FOREIGN CURRENCY		1-6 months	6-12 months	More than 1 year
Metal swap agreement				
Fair value	USD	(8)	(4)	(1)
Average LME swap rate		2,191	2,135	2,060

21.9 SENSITIVITY ANALYSIS COMMODITY PRICE RISK

For 2019, the Group's exposed tonnage of silver is around 141 tons. For every US dollar/troy change in the silver price, the impact on the Group's consolidated profit or loss statement is estimated at 2,5 million Euro on a yearly basis. The analysis has been carried out on the budgeted exposed volume for the year 2019 converted at the budgeted rate US dollar/Euro for 2019. The aforementioned Group's exposed tonnage of silver disregards the ability to partly charge its customers on the variability of the silver price.

For 2019, the Group's exposed tonnage of aluminum is around 100 kilotons.
For every 100 US dollar/ton change in the European alu metal price (LME), the impact on the Group's aluminum spending is estimated at 5.5 million Euro on a yearly basis.
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 1.6 million Euro on a yearly basis.
Both analyses have been carried out on the budgeted exposed volume for the year 2019 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.

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, 2019. 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	2018	2019
Financial assets at fair value through OCI			
Equity instruments	30.2	7	6
Financial assets at fair value through profit or loss			
Derivatives not part of a hedging relationship – assets	21	1	-
Financial assets at amortized cost			
Trade receivables	22.2	436	429
Receivables under finance leases	31	92	97
Other receivables	33	14	15
Other investments and loans measured at cost	30.2	2	2
Cash	34	141	107
TOTAL		**693**	**656**

At December 31, 2019, the exposure to credit risk for trade receivables by geographic region was as follows:

MILLION EURO	2018	2019
Europe	232	214
NAFTA	72	67
Latin America	39	37
Asia/Oceania/Africa	93	111
Total	**436**	**429**

22.2 EXPECTED CREDIT LOSS

With regard to impairment of trade receivables, lease receivables and contract assets, the Group applies the simplified approach for the impairment evaluation, which implies that credit losses for these categories of assets are always measured at an amount equal to lifetime expected credit losses. Credit losses are measured as the present value of all cash shortfalls – i.e. the difference between the cash flows to which the entity is entitled to and what the entity expects to receive.

The inputs and assumptions to the expected credit loss model are the following: significant financial difficulty of the counterparty, a default of more than 90 days past due, a possible bankruptcy of the counterparty, ...

The evaluation of possible credit-impairment takes into account forward-looking elements. For the major part of the accounts receivable balances, debtors are scored and rated based on quantitative and qualitative information on an ongoing basis through Credit Risk Application in place. All customers are classified into different risk categories which are reassessed on a yearly basis based on relevant forward-looking information such as data from external credit bureaus, age of business, country risk and the credit manager's assessment. To mitigate the credit risk, credit insurance and other risk mitigation tools such as letter of credit, bank guarantees, mortgage are used within the Group.

This methodology of individually reviewed outstanding receivable amounts taking into account forward-looking information to assess impairment risks has always been used within the Group.

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

	2018			**2019**		
MILLION EURO	Gross value	Impairment loss	Net	**Gross value**	**Impairment loss**	**Net**
Trade receivables						
Not past due	384	(1)	383	356	(4)	352
Past due 0 – 30 days	31	(4)	27	36	(1)	35
Past due 31 – 90 days	20	(2)	18	26	(1)	25
Past due 91 – 180 days	4	(2)	2	9	(1)	8
Past due 181 – 360 days	10	(9)	1	9	(8)	1
Past due more than 360 days	38	(34)	4	42	(35)	8
TOTAL TRADE RECEIVABLES	**487**	**(52)**	**435**	**478**	**(49)**	**429**
Receivables under finance leases						
Not past due	89	-	89	92	-	92
Past due 0 – 30 days	2	-	2	1	-	1
Past due 31 – 90 days	1	-	1	1	-	1
Past due 91 – 180 days	-	-	-	2	-	2
Past due 181 – 360 days	1	(1)	-	1	-	1
Past due more than 360 days	-	-	-	1	(2)	0
TOTAL RECEIVABLES UNDER FINANCE LEASES	**93**	**(1)**	**92**	**98**	**(2)**	**96**

Past due amounts more than 360 days mainly arise in Belgium and are mainly caused by commercial disputes. These overdues are for the major part written down. Overdues by region are very closely monitored case by case by the Credit Committees within the Group. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behavior and extensive analysis of customer credit risk.

The following table provides information about the exposure to credit risk for trade receivables from individual customers at December 31, 2019:

MILLION EURO	Weighted average loss rate	Gross carrying amount	Loss allowance
Not past due	1.1%	356	(4)
Past due 0 – 30 days	2.8%	36	(1)
Past due 31 – 90 days	3.8%	26	(1)
Past due 91 – 180 days	11.1%	9	(1)
More than 180 days	84.3%	51	(43)

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.

	2018		**2019**	
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	**56**	**-**	**53**	**1**
Additions/reversals charged to profit or loss	4	1	5	1
Deductions from allowance [(1)]	(7)	-	(8)	-
Exchange differences	-	-	-	-
Balance at December 31	**53**	**1**	**51**	**1**

(1) Write-offs for which an allowance was previously recorded.

The impairment loss relates to several other customers that indicated not to be able to pay their outstanding balances mainly due to economic circumstances.

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. In the course of 2015, this credit facility was renegotiated. The notional amount of this renewed credit facility amounts to 400 million Euro with maturity date July 17, 2021.

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 2019, drawdowns under these lines amounted to 149 million Euro.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, including estimated interest payments based on conditions existing at the reporting date, i.e. exchange rates and interest rates. With regard to derivatives, the maturity analysis comprises liabilities arising from derivatives and all gross settled forward exchange contracts. The contractual cash flows for forward exchange contracts are determined using forward rates.

2018

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	42	44	-	44	-	-
Revolving credit facility [1]	219	220	220	-	-	-
EIB loan	6	6	6	-	-	-
Other loans	18	18	13	5	-	-
Trade payables	219	219	217		2	-
Other payables	17	17	17		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(24)	(24)	-	-	-
Inflow	-	23	23	-	-	-
Other forward exchange contracts:						
Outflow	(1)	(203)	(196)	(7)	-	-
Inflow	1	203	196	7	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(11)	(11)	(2)	(8)	(1)	-
Inflow	-	-	-	-	-	-

(1) Transaction costs (1 million Euro) are presented as a reduction of the carrying amount of the financial liability.

2019

MILLION EURO	Carrying amount	Contractual cash flows				
		TOTAL	3 months or less	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities						
Debenture	-	-	-	-	-	-
Revolving credit facility [1]	149	150	150	-	-	-
EIB loan	-	-	-	-	-	-
Other loans	56	56	39	17	-	-
Lease liabilities	112	112	9	28	64	11
Bank overdrafts	9	9	9	-	-	-
Trade payables	234	234	232		2	-
Other payables	9	9	9		-	-
Derivative financial liabilities						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(25)	(25)	-	-	-
Inflow	-	24	24	-	-	-
Other forward exchange contracts:						
Outflow	(2)	(198)	(186)	(12)	-	-
Inflow	-	196	184	12	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(2)	(2)	(1)	(1)	-	-
Inflow	-	-	-	-	-	-

(1) Transaction costs (1 million Euro) are presented as a reduction of the carrying amount of the financial liability.

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.

2018		Expected cash flows				
MILLION EURO	Fair value	**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)	(24)	(24)	-	-	-
Inflow	-	23	23	-	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(11)	(11)	(2)	(8)	(1)	-
Inflow	-	-	-	-	-	

2019		Expected cash flows				
MILLION EURO	Fair value	**TOTAL**	3 months or less	3-12 months	1-5 years	More than 5 years
Derivative financial instruments designated as cash flow hedges						
Forward exchange contracts designated as cash flow hedges:						
Outflow	(1)	(25)	(25)	-	-	-
Inflow	-	24	24	-	-	-
Swap contracts designated as cash flow hedges:						
Outflow	(2)	(2)	(1)	(1)	-	-
Inflow	-	-	-	-	-	-

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 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 previous years, the Group purchased its own shares in the market. These shares are intended to be used for issuing shares under future option plans that the Group would issue. The Group does not have a defined share buy-back plan.

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.

2018

MILLION EURO	Note	Financial assets/liabilities: carrying amount Fair value 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		2		
Assets									
Other financial assets	30	-	-	-	7	2	-	9	9
Trade receivables	22.2	-	-	-	-	436	-	436 [a]	
Receivables under finance lease	31	-	-	-	-	92	-	92 [a]	
Other receivables	33	-	-	-	-	14	-	14 [a]	
Derivative financial instruments:									
Other forward exchange contracts		-	1	-	-	-	-	1	1
Cash and cash equivalents	34					141	-	141	141
TOTAL ASSETS		**-**	**1**	**-**	**7**	**685**	**-**	**693**	
Liabilities									
Loans and borrowings	38								
Revolving credit facility							219	219	220 [b]
EIB loan		-	-	-	-	-	6	6	6
Other bank liabilities		-	-	-	-	-	18	18	18
Debenture		-	-	-	-	-	42	42	43
Trade payables	40	-	-	-	-	-	219	219 [a]	
Other payables	40	-	-	7 [c]	-	-	9	17 [a]	
Derivative financial instruments:									
Forward contracts used for hedging		1	-	-	-	-	-	1	1
Swap contracts used for hedging		11	-	-	-	-	-	11	11
Other forward exchange contracts		-	1	-	-	-	-	1	1
TOTAL LIABILITIES		**12**	**1**	**7**	**-**	**-**	**513**	**534**	

Fair value hierarchy:
1 Fair value hierarchy 1 means that the fair value is determined based on quoted prices in active markets.
2 Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for that related asset or liability.
3 Fair value hierarchy 3 means that fair value is determined based on inputs that are not based on observable market data: related to other payable.

(a) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are mainly short-term receivables and payables for which the carrying amount is an approximation of fair value.
(b) Transaction costs are included in the initial measurement of the financial liability (1 million euro).
(c) Relates to contingent consideration from business combinations (performance based component). The fair value of the contingent consideration from business combinations is calculated using a discounted cash flow model.
The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Significant observable inputs are the expected cash flows and the risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected performances are higher (lower).

2019

MILLION EURO	Note	Financial assets/liabilities: carrying amount							Fair value
		Fair value 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 hierarchy		2	2	3	1		2		
Assets									
Other financial assets	30	-	-	-	6	2	-	8	8
Trade receivables	22.2	-	-	-	-	429	-	429 (a)	
Receivables under finance lease	31	-	-	-	-	97	-	97 (a)	
Other receivables	33	-	-	-	-	15	-	15 (a)	
Derivative financial instruments:									
Other forward exchange contracts		-	-	-	-	-	-	-	-
Cash and cash equivalents	34					107	-	107	107
TOTAL ASSETS		**-**	**-**	**-**	**6**	**650**	**-**	**656**	
Liabilities									
Loans and borrowings	38								
Revolving credit facility							149	149	150 (b)
Bank overdrafts		-	-	-	-	-	9	9	9
Other bank liabilities		-	-	-	-	-	56	56	56
Debenture		-	-	-	-	-	-	-	-
Lease liabilities							112	112	112
Trade payables	40	-	-	-	-	-	234	234 (a)	
Other payables	40	-	2	2 (c)	-	-	5	9 (a)	
Derivative financial instruments:									
Forward contracts used for hedging		1	-	-	-	-	-	1	1
Swap contracts used for hedging		2	-	-	-	-	-	2	2
Other forward exchange contracts		-	2	-	-	-	-	2	2
TOTAL LIABILITIES		**3**	**4**	**2**	**-**	**-**	**565**	**574**	

Fair value hierarchy:
1 Fair value hierarchy 1 means that the fair value is determined based on quoted prices in active markets.
2 Fair value hierarchy 2 means that fair value is determined based on inputs other than quoted prices that are observable for that related asset or liability.
3 Fair value hiererchy 3 means that fair value is determined based on inputs that are not based on observable market data: related to other payable.

(a) The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade payables and other payables as these assets and liabilities are mainly short-term receivables and payables for which the carrying amount is an approximation of fair value.
(b) Transaction costs are included in the initial measurement of the financial liability (1 million euro).
(c) Relates to contingent consideration from business combinations (performance based component). The fair value of the contingent consideration from business combinations is calculated using a discounted cash flow model.
The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Significant observable inputs are the expected cash flows and the risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected performances are higher (lower).

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

Balance at December 31, 2018	**7**
Gains included in finance income – net change in fair value (unrealized)	(3)
Amounts paid during 2019	(2)
Balance at December 31, 2019	**2**

25.1 BASIS FOR DETERMINING FAIR VALUES

Significant methods and assumptions used in estimating the fair values of financial instruments are as follows.

The fair value of investments in equity securities is determined by reference to their quoted market price at the reporting date.

The fair value of forward exchange contracts and swap contracts is valued using observable forward exchange rates and yield curve data at reporting date.

The fair value of trade and other receivables and trade and other payables is not disclosed as it mainly relates to short-term receivables and payables for which their carrying amount is a reasonable approximation of fair value. The fair value of lease receivables is based on the present value of future minimum lease receivables discounted at a market rate of interest for similar assets.

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

	2018			
MILLION EURO	Financial assets at amortized cost	Derivatives	Financial liabilities carried at amortized cost	**TOTAL**
Interest income	2	3	-	5
Interest expense	-	(3)	(10)	(13)
Finance lease income	6	-	-	6
Impairment charges	(11)	-	-	(11)
Income from reversal of impairment losses	6	-	-	6
Change in fair value of financial instruments not part of a hedging relationship	-	8	-	8
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	(3)	-	(3)

	2019				
MILLION EURO	Financial assets at amortized cost	Derivatives	Financial liabilities carried at amortized cost	Financial liabilities at fair value	**TOTAL**
Interest income	2	3	-	-	**5**
Interest expense	-	(2)	(13)	-	**(15)**
Finance lease income	4	-	-	-	**4**
Impairment charges	(10)	-	-	-	**(10)**
Income from reversal of impairment losses	5	-	-	-	**5**
Change in fair value of financial instruments not part of a hedging relationship	-	3	-	-	**3**
Net result from ineffectiveness of hedging instruments designated as cash flow hedges	-	(2)	-	-	**(2)**
Gains on revaluation of contingent consideration from business combination	-	-	-	3	**3**

27. GOODWILL AND INTANGIBLE ASSETS

MILLION EURO	Goodwill	Intangible assets								TOTAL
		Indefinite useful lives	Finite useful lives							
		Trademarks	Capitalized development costs	Acquired technology	Contractual customer relationships	Trademarks	Management information systems	Software, licences, concessions and IP rights	Advance payments to acquire intangible assets	
Cost at December 31, 2017	**610**	**17**	**43**	**216**	**116**	**14**	**121**	**59**	**-**	**1,196**
Exchange differences	2	-	-	(1)	(1)	-	2	1	-	**4**
Business combinations	12	-	-	2	21	1	-	-	-	**36**
CHP certificates and emission rights (non-cash)	-	-	-	-	-	-	-	2	-	**2**
Capital expenditures	-	-	-	-	-	-	-	2	-	**2**
Disposals and retirements	-	-	-	-	(3)	-	-	(3)	-	**(7)**
Construction in progress put into use	-	-	-	-	-	-	1	1	-	**1**
Reclasses	-	-	-	-	-	-	1	(1)	-	**-**
Cost at December 31, 2018	**624**	**17**	**43**	**217**	**134**	**14**	**124**	**61**	**-**	**1,234**
Exchange differences	9	-	-	2	1	-	1	(1)	-	**11**
Business combinations additions	(3)	-	-	-	5	-	-	-	-	**1**
Business combinations divestment					(5)					**(5)**
CHP certificates and emission rights (non-cash)	-	-	-	-	-	-	-	2	-	**2**
Capital expenditures	-	-	-	-	-	-	-	4	-	**4**
Disposals and retirements	-	-	-	(6)	-	(8)	-	(5)	-	**(19)**
Construction in progress put into use	-	-	-	-	-	-	-	-	-	**-**
Reclasses	-	-	-	-	1	-	4	(1)	-	**5**
Cost at December 31, 2019	**630**	**17**	**43**	**213**	**135**	**6**	**129**	**60**	**-**	**1,234**
Accumulated amortization and impairment losses December 31, 2017	**101**	**4**	**43**	**185**	**92**	**12**	**116**	**54**	**-**	**607**
Exchange differences	-	-	-	(1)	-	-	2	1	-	**2**
Business combinations	-	-	-	-	-	-	-	-	-	**-**
Amortization during the year	-	-	-	5	5	1	2	2	-	**16**
Impairment loss during the year	1	-	-	-	-	-	-	-	-	**1**
Disposals and retirements	-	-	-	-	(2)	-	-	(3)	-	**(5)**
Reclasses	-	-	-	-	-	-	(2)	2	-	**(1)**
Accumulated amortization and impairment losses December 31, 2018	**101**	**4**	**43**	**188**	**96**	**12**	**119**	**55**	**-**	**619**
Exchange differences	2	-	-	2	-	-	1	(1)	-	**4**
Business combinations divestment	-	-	-	-	(5)	-	-	-	-	**(5)**
Amortization during the year	-	-	-	5	8	1	3	2	-	**19**
Impairment loss during the year	35	-	-	2	5	1	1	2	-	**46**
Disposals and retirements	-	-	-	(6)	-	(8)	-	(2)	-	**(16)**
Reclasses	-	-	-	-	-	-	-	-	-	**-**
Accumulated amortization and impairment losses December 31, 2019	**138**	**4**	**43**	**190**	**105**	**6**	**123**	**56**	**-**	**667**
Carrying amount December 31, 2017	**509**	**13**	**-**	**31**	**24**	**2**	**5**	**5**	**-**	**589**
Carrying amount December 31, 2018	**523**	**13**	**-**	**29**	**38**	**2**	**5**	**6**	**-**	**615**
Carrying amount December 31, 2019	**492**	**13**	**-**	**23**	**30**	**-**	**5**	**3**	**-**	**566**

In 2019, the cash relevant capital expenditures for intangible assets amount to 4 million Euro (2018: 2 million Euro) and mainly relate to software and licenses.

In the course of 2018, as part of the restructuring plan related to the closure of the Branchburg plant in the US in the Graphics business segment, individual impairment losses on goodwill have been booked amounting to 1 million Euro.

At year-end 2019 and 2018, the Group has tested its goodwill and intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful life that are fully attributed to the operating segment HealthCare IT. In addition, the Group assessed whether there was an indication of impairment for intangible assets with finite useful lives. These tests did not result in the recording of any impairment loss.

The Group's management has reviewed the appropriateness of the useful lives of its major intangible assets at year-end 2019. This review has not resulted in revised amortization periods for intangible assets belong to Radiology Solutions, Digital Print & Chemicals and HealthCare IT. For Offset Solutions the intangible assets have been fully impaired (see Note 27.1).

More information on the underlying assumptions of the useful lives is provided in section 27.3 of this Note.

27.1 IMPAIRMENT TESTS FOR GOODWILL

For the financial statements of the Group, goodwill is tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU).

In line with the definition of cash-generating units, the management of the Group has identified the reportable segments as the cash-generating units, i.e. Offset Solutions, Radiology Solutions, Agfa HealthCare IT and Digital Print & Chemicals. The operating segment is the lowest level within the Group at which the goodwill is monitored for internal management purposes (see Note 6 Reportable segments).

In the course of 2019, the Group entered into exclusive negotiations to sell a part of HealthCare IT business, being HealthCare Information Solutions and Integrated Care activities as well as Imaging IT activities that are tightly integrated into the HealthCare Information Solutions activities in the DACH region, France and Brazil. In January 2020, a share purchase agreement has been signed, under which Dedalus Holding S.p.A. will acquire a part of HealthCare IT at an enterprise value of 975 million Euro, subject to regular working capital and net debt adjustments. The fair value less costs to sell related to this part of the business is much higher than the carrying amount of this business.

In the statement of financial position, this business is not classified as held-for-sale as not all conditions stipulated by IFRS 5 have been met at December 31, 2019. The disposal group is at December 31, 2019 not available for immediate sale in its present condition. There are still major disentanglement steps that need to be performed during the second quarter of 2020.

At the end of 2019, the impairment test for goodwill was performed for the cash-generating units Offset Solutions, Radiology Solutions and the remaining part of HealthCare IT. No impairment indicator has been identfied for Digital Print & Chemicals. No goodwill is allocated to this cash-generating unit.

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, 2019 the carrying amount of the CGU Offset Solutions comprises goodwill of 31 million Euro. At year-end 2019, the Group tested its goodwill of the CGU Offset Solutions for impairment. Based on the assumptions used, the calculated value in use of the CGU was lower than its carrying amount and consequently the Group fully impaired the related goodwill amounting to 31 million Euro, mainly relating to old acquisitions.

The value in use of the CGU Offset Solutions has been determined based on estimated cash flow projections covering the next five years. This estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.

Headwinds related to the printing industry incited Agfa to take a more cautious stand towards its future offset activities. The Offset Solutions division operates in a market that is characterized by multiple challenges, including a strong decline in demand for analog prepress technology, decreasing newspaper and commercial print volumes, price pressure caused by intense competition and high aluminum costs. In order to counter this evolution, the Group invested in a strategic alliance with the Chinese company Lucky HuaGuang Graphics Co. and initiated various initiatives to reduce costs and to launch innovative, customer value-focused products, services and software solutions.

In addition to goodwill and according to IAS 36 *Impairment of assets* the Group also fully impaired the intangible assets belonging to the CGU 0ffset Solutions amounting to 10 million Euro. These intangible assets mainly relate to contractual customers lists, acquired technology and software & licenses.

The Group also re-assessed the net asset value of the Property, Plant & Equipment belonging to the CGU Offset Solutions. The Group recognized an impairment loss of 26 million Euro. These assets mainly relate to buildings & infrastructure and machinery & technical equipment.

As such the Group recognized a total impairment loss amounting to 67 million Euro for the CGU Offset Solutions in Other operating expense (Note 9.2).

After the business plan period, a terminal value is computed using a growth rate of minus 2.6%. This growth rate is 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: 5.86% (2018: 6.08%);
- pre-tax discount rate: 16.68% (2018: 11.31%);
- terminal growth rate (after five years): minus 2.6% (2018: minus 2.0%);
- aluminum: 1,665 Euro/Ton (2018: range between 1,725-1,731 Euro/Ton);
- silver: 16 US Dollar/Troz. (2018: 17 USD/Troz.);
- exchange rate US Dollar/Euro: 1.15 (2018: 1.20);
- 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.

27.1.2 CGU Radiology Solutions

At December 31, 2019, the carrying amount of the CGU Radiology Solutions comprises goodwill of 67 million Euro. At year-end 2019, the Group tested its goodwill of the CGU Radiology Solutions for impairment.

Based on the assumptions used, the calculated value in use of the CGU was higher than its carrying amount and no impairment loss was recognized.

The value in use of the CGU Radiology Solutions has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.

After five years a terminal value is computed using a growth rate of minus 3.43%. 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: 7.57% (2018: 7.99%);
- pre-tax discount rate: 9.85% (2018: 9.83%);
- terminal growth rate (after five years): minus 3.43% (2018: minus 2.80%);
- silver: 16 US Dollar/Troz. (2018: 17 USD/Troz.);
- exchange rate US Dollar/Euro: 1.15 (2018: 1.20);
- revenue and gross margin: revenue and gross margin reflect management's best expectations, based on past experience and taken into account the specific business risks.

Sensitivity analyses on changes in key assumptions, i.e. substantially increased silver prices and WACC changes, have been performed. The sensitivity analysis was based on a substantially increased silver price (+ 2 USD/Troz. over the long term horizon) and a 100 basis point increase in the weighted average cost of capital. These sensitivity analyses have not revealed any risk for impairment loss. Based upon these sensitivity analyses, management is of the opinion that a reasonable, possible change in one of these key assumptions would not trigger an impairment loss to occur.

27.1.3 CGU Agfa HealthCare IT

At December 31, 2019, the carrying amount of the CGU Agfa HealthCare IT comprises goodwill of 425 million Euro, of which 212 million Euro relates to the part of the HealthCare IT business that will be divested in 2020. At year-end 2019, the Group tested the part of the HealthCare IT goodwill that will not be divested 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 remaining part of the CGU Agfa HealthCare IT has been determined based on estimated cash flow projections covering the next five years. The estimated cash flow projections are based upon the strategic business plan formally approved by the Board of Directors.
After five years a terminal value is computed using a growth rate in the division Information Technologies (IT Solutions) of 1.5%. These growth rates are derived from respective market information.

The main assumptions used in the annual impairment test are determined by the reportable segment's key management and are based on past performance and management's expectations for the market development.

Key assumptions are:
- after-tax WACC: 7.61% (2018: 7.99%);
- pre-tax discount rate: 9.49% (2018: 9.83%);
- terminal growth rate (after five years): 1.5% for IT Solutions (2018: 1.5%);
- exchange rate US Dollar/Euro: 1.15 (2018: 1.20);
- 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 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, 2019, 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 2018 and 2019, the Group has tested its intangible assets with indefinite useful lives for impairment. It relates to trademarks with indefinite useful lives that are fully attributed to the operating segment HealthCare IT. These tests did not result in the recording of any impairment loss.

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, 2019, the net carrying amount of the Group's acquired technology amounted to 23 million Euro (2018: 29 million Euro). The Group's acquired technology has an estimated weighted average remaining useful life of approximately five years. The useful lives are periodically reviewed and revised if necessary.

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, 2019, the net carrying amount of the Group's acquired contractual customer relationships amounted to 30 million Euro (2018: 38 million Euro).
The Group's acquired contractual customer relationships have an estimated weighted average remaining useful life of approximately five 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, 2017	**346**	**1,439**	**217**	**19**	**2,021**
Exchange differences	1	1	(1)	(1)	**-**
New lease contracts			1		**1**
Capital expenditures	2	17	6	13	**38**
Disposals and retirements	(2)	(47)	(23)	(1)	**(73)**
Construction in progress put into use	2	2		(6)	**(1)**
Reclasses	(8)	30	(28)	(3)	**(10)**
Cost at December 31, 2018	**340**	**1,442**	**171**	**22**	**1,976**
Exchange differences	1	3	-	-	**5**
New lease contracts			8		**8**
Capital expenditures	2	12	6	14	**35**
Disposals and retirements	(12)	(45)	(10)	(1)	**(70)**
Construction in progress put into use	-	2	-	(3)	**-**
Reclasses	-	3	1	(9)	**(5)**
Cost at December 31, 2019	**331**	**1,418**	**177**	**22**	**1,948**
Accumulated depreciation and impairment losses December 31, 2017	**279**	**1,361**	**190**	**1**	**1,831**
Exchange differences	-	2	(1)	-	**1**
Depreciation during the year	6	19	14	-	**39**
Impairment loss during the year	1	5	-	-	**5**
Disposals and retirements	(1)	(47)	(22)	-	**(71)**
Reclasses	-	26	(30)	-	**(4)**
Accumulated depreciation and impairment losses December 31, 2018	**285**	**1,366**	**150**	**1**	**1,802**
Exchange differences	1	3	-	-	**4**
Depreciation during the year	6	17	14	-	**37**
Impairment loss during the year	10	13	-	3	**27**
Disposals and retirements	(12)	(44)	(10)	-	**(66)**
Reclasses	-	-	-	3	**3**
Accumulated depreciation and impairment losses December 31, 2019	**289**	**1,354**	**154**	**8**	**1,806**
Carrying amount December 31, 2017	**67**	**78**	**27**	**18**	**190**
Carrying amount December 31, 2018	**55**	**77**	**22**	**21**	**174**
Carrying amount December 31, 2019	**41**	**64**	**23**	**14**	**142**

In 2019, capital expenditure for property, plant and equipment amount to 35 million Euro (2018: 38 million Euro), of which 12 million Euro (2018: 17 million Euro) relates to machinery and technical equipment, mainly in Belgium and Germany and of which 14 million Euro (2018: 13 million Euro) relates to construction in progress mainly for production efficiency, maintenance and IT-related projects in Belgium, France, Germany, UK and Brazil.

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 2019, the assets subject to operating leases have a total net carrying amount of 11 million Euro (2018: 9 million Euro) (see Note 44).

Impairment losses on PP&E amount to 27 million Euro of which 26 million Euro relates to the re-assessment of the net value of PP&E belonging to the CGU Offset Solutions (see Note 27.1.1)

Impairment losses on machinery and technical equipment amounted to 5 million Euro at December 31, 2018. These impairment losses relate to the closed offset printing plate factory in Branchburg, US.

During 2018, an amount of 10 million Euro was transferred from land, buildings and infrastructure to non-current assets held for sale (see Note 35).

29. RIGHT-OF-USE ASSETS

Due to the application of IFRS 16, the Group – as lessee – recognizes right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Exemptions are however made for short-term leases and leases of low value items such as the major part of the Group's ICT-equipment.

On initial application of this standard at January 1, 2019 the Group recognized an amount of 104 million Euro mainly attributable to land, buildings and infrastructure (73%). The right-of-use asset is initially measured at cost and subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In these cases, the right-of-use asset is depreciated over the useful life of the underlying asset, compliant with the methodology applicable for property, plant and equipment. More information on the change of this IFRS accounting policy and its implications on the Group's financial statements is provided in Note 5 "Changes in significant accounting policies".

The following table shows a reconciliation from the opening balances at initial application of IFRS 16 to the closing balances at December 31, 2019 for the right-of-use assets, broken down by category. The Group distinguishes four categories: 1) Right-of-use land, buildings and infrastructure, 2) Right-of-use cars, 3) Right-of-use other transportation equipment, mainly related to our manufacturing organizations and 4) Right-of-use other assets.

MILLION EURO	Right-of-use land, buildings, infrastructure	Right-of-use cars	Right-of-use other transportation equipment	Right-of-use other assets	TOTAL
Change in IFRS accounting policies - opening balances January 1, 2019	**76**	**26**	**1**	**1**	**104**
New lease contracts	17	25	1	1	**43**
Lease revaluations	7	(1)	-	-	**5**
Cost at December 31, 2019	**99**	**49**	**2**	**1**	**151**
Change in IFRS accounting policies - opening balances January 1, 2019	**-**	**-**	**-**	**-**	**-**
Amortization during the year	(21)	(16)	(1)		**(38)**
Impairment loss during the year	(4)	-	-		**(4)**
Accumulated depreciation and impairment losses December 31, 2019	**(25)**	**(15)**	**(1)**	**-**	**(41)**
Change in IFRS accounting policies - opening balances January 1, 2019	**76**	**26**	**1**	**1**	**104**
Carrying amount December 31, 2019	**75**	**33**	**1**	**1**	**110**

New lease contracts concluded during 2019 amounted to 43 million Euro and primarily related to 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 2019 amounting to 5 million Euro mainly relate to contract extensions.

In 2019 impairment losses amounting to 4 million Euro have been recognized on onerous lease contracts. These expenses are however partially offset by a reversal of a provision for onerous rent existing on the date of initial application of IFRS 16 (January 1, 2019) amounting to 3 million Euro.

30. INVESTMENTS IN ASSOCIATES AND FINANCIAL ASSETS

30.1. INVESTMENTS IN ASSOCIATES

During 2016, the Group acquired 26.4% equity stake in the company My Personal Health Record Express Inc. (MphRx) in order to strengthen its position in the Integrated Care market.
The entry in the Integrated Care market is part of Agfa HealthCare's long term strategy to expand its offering for HealthCare IT on the global market.
For the acquisition of the 26.4% stake in MphRx, US-Indian based company, the Group has paid 6 million Euro. The investment in the associate is measured using the equity method. During 2019, the Group has recognized losses amounting to 0.6 million Euro in relation to its interest in this associate (2018: minus 0.8 million Euro).
As result of a share redeem transaction and a funding transaction, the Group's stake in MphRx decreased to 26.9% at the end of December 2019 (2018: 27.4%).

The following table discloses the carrying amount and share of profit or loss and Other Comprehensive Income and summarized financial information of associates:

MILLION EURO	2018	2019
Carrying amount of interests in MphRx, including goodwill	4	4
Net loss after taxes of MphRx	(2)	(2)
Group's share of net loss after taxes (2018: 27.4%; 2019: 26.9%)	**(0.8)**	**(0.6)**
Other Comprehensive Income of MphRx	-	-
Group's share of Other Comprehensive Income (2018: 27.4%; 2019: 26.9%)	**-**	**-**
Summarized financial information of MphRx		
Current assets	1.5	2
Equity	0.3	(1.2)
Current liabilities	1.2	2.1
Group's share of equity (2018: 27.4%; 2019: 26.9%)	**-**	**(0.3)**
Goodwill included in carrying amount of investment in MphRx	5	5
Carrying amount of investment in MphRx	**4**	**4**

30.2. FINANCIAL ASSETS

At December 2018 and 2019, financial assets at fair value through OCI comprise the investment in Digital Illustrate Inc., a Korean UV printer manufacturer. The Group ownes 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.

MILLION EURO	2018	2019
Financial assets at fair value through OCI - Equity instruments	7	6
Financial assets at amortized cost	2	2
TOTAL	**9**	**8**

31. RECEIVABLES UNDER FINANCE LEASES

Lease agreements in which the other party, as lessee, is to be regarded as the economic owner of the leased assets give rise to accounts receivable in the amount of the discounted future lease payments. These receivables amounted to 98 million Euro as of December 31, 2019 (2018: 94 million Euro) and will bear interest income until their maturity dates of 9 million Euro (2018: 10 million Euro). As of December 31, 2019, the impairment losses on the receivables under finance leases amounted to 2 million Euro (2018: 2 million Euro).

The receivables under finance leases are as follows:

MILLION EURO	2018			2019		
	Total future payments	Unearned interest income	Present value	Total future payments	Unearned interest income	Present value
Not later than one year	36	4	32	39	4	35
Year +2	26	3	24	26	3	23
Year +3	18	2	17	18	1	17
Year +4	11	1	10	12	1	12
Year +5	6	-	5	7	-	6
Later than five years	6	-	6	4	-	4
TOTAL	**103**	**10**	**94**	**106**	**9**	**98**
Impairment losses			(2)			(2)
Receivables under finance leases			92			96

The Group leases out its commercial equipment under finance leases mainly via Agfa Finance (i.e. Agfa Finance NV, its subsidiaries, Agfa Finance Corp. and Agfa Finance Inc.) and via Agfa sales organizations in New Zealand, Australia and South-Africa.

At the inception of the lease, the present value of the minimum lease payments generally amounts to at least 90% of the fair value of the leased assets.

The major part of the leases concluded with Agfa Finance typically run for a non-cancellable period of four years. The contracts generally include an option to purchase the leased equipment after that period at a price that generally lies between 2% and 5% of the gross investment at the inception of the lease.

Sometimes, the fair value of the leased asset is paid back by means of a purchase obligation for consumables at a value higher than its market value, in such a way that this mark-up is sufficient to cover the amount initially invested by the lessor.

In these types of contracts the mark-up and or the lease term can be subject to change.

Agfa Finance offers its products via its subsidiaries in France and Italy and its branches in Europe (Spain, Switzerland, Benelux, Germany, UK and the Nordic countries), via Agfa Finance Corp. in the US and Agfa Finance Inc. in Canada. As of December 31, 2019, the present value of the total future lease payments before impairment losses for Agfa Finance amounted to 98 million Euro (2018: 93 million Euro). Agfa sales organizations in Australia, New Zealand and South-Africa offer customer financing of graphical equipment with an average remaining term of 12 months. As of December 31, 2019, the present value of the total future lease payments before impairment losses for these sales organizations are less than 0.5 million Euro (2018: 1 million Euro).

During 2019, the Group has sold receivables under finance lease amounting to 0.5 million Euro (2018: 1.5 million Euro).

Profit of the receivables sold in 2019 amounts to 0.027 million Euro.

32. INVENTORIES

MILLION EURO	2018	2019
Raw materials and auxiliaries	73	66
Work in progress & semi-finished goods	110	103
Finished goods	46	33
Goods purchased for resale including spare parts	257	224
Inventory in transit & other inventory	11	10
TOTAL	**498**	**436**

In 2019, inventories are written down to net realizable value for an amount of 16 million Euro (2018: 23 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, 2019.

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	2018	2019
Other receivables		
Uninstalled leases (1)	7	7
Payroll receivables	1	1
Other receivables	6	7
TOTAL	**14**	**15**

(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	2018	2019
Cash on hand, demand deposits and checks	141	107
Other cash on hand, demand deposits and checks	**141**	**107**
Total cash and cash equivalents as reported in the consolidated statement of financial position	**141**	**107**
Bankoverdrafts (reported under current loans and borrowings)	(5)	(9)
Total cash and cash equivalents as reported in the consolidated statement of cash flows	**136**	**99**

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 Branchburg US and one in Vallese Italy, both belonging to the Offset Solutions segment. The sale of these assets was originally planned in 2019 but postponed to 2020. Related land, buildings and infrastructure are measured at their carrying amount at December 31, 2018 which is lower than the fair value less costs to sell.

36. OTHER ASSETS

Other non-current and current assets can be presented as follows:

MILLION EURO	2018	**2019**
Non-current		
Multi year service contracts (strategic suppliers)	5	4
Prepayments (see Note 46.2 Other related party transactions)	19	19
Total non-current	**24**	**24**
Current		
Multi year service contracts (strategic suppliers)	13	12
Advances on costs	6	1
Guarantees and deposits	4	5
Prepayments	11	3
Other	-	-
Total current	**34**	**21**
TOTAL	**58**	**45**

EQUITY AND LIABILITIES

37. EQUITY

The various components of Equity and the changes therein from January 1, 2018 to December 31, 2019 are presented in the Consolidated Statements of Changes in Equity.

37.1 SHARE CAPITAL AND SHARE PREMIUM

At December 31, 2019 the issued capital of the Company amounts to 187 million Euro, represented by 171,851,042 fully paid ordinary 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, 2019, the Group held 4,099,852 (2018: 4,099,852) of the Company's shares.

37.3 REVALUATION RESERVE

The revaluation reserve comprises the revaluation of the Group's investment in Digital Illustrate Inc. which is irrevocably designated at fair value through OCI and will subsequently not be recycled to profit or loss.

37.4 HEDGING RESERVE

As of December 31, 2019, the hedging reserve comprises the effective portion of the cumulative net change in fair value of metal swap agreements and foreign exchange contracts designated as cash flow hedges.

During 2019 and 2018, 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, 2019: minus 3 million Euro, December 31, 2018: minus 12 million Euro).
In the course of 2019 and 2018, 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, 2019: 0 million Euro, December 31, 2018: 0 million Euro).

37.5 REMEASUREMENT OF THE NET DEFINED BENEFIT LIABILITY

Remeasurements of the net defined benefit liability comprise both the impact of the first time adoption of the 2011 amendment of IAS 19 and all subsequent remeasurements of the net defined benefit liabilities. Remeasurements of the net defined benefit liability primarily relate to actuarial gains and losses and return on plan assets, excluding the amounts included in net interest on the net defined benefit liabilities.

The evolution for the year 2019 is as follows:

MILLION EURO	December 31, 2018	Remeasurement of the net defined benefit liability	Tax impact	**December 31, 2019**
		Note 13	Note 17.4	
Remeasurement of the net defined benefit liability				
Related to material countries	(874)	(131)	8	(998)
Related to non-material countries	(23)	(7)	-	(29)
TOTAL	**(897)**	**(138)**	**8**	**(1,027)**

The movement of the year, net of tax amounts is a decrease of 130 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, 2019: 10 million Euro, December 31, 2018: 10 million Euro) shall be reclassified from equity to profit or loss on the disposal of the foreign operation.

37.7 DIVIDENDS

For 2018, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 8, 2018. For 2019, no dividend has been paid out based on the decision of the General Assembly of Shareholders of Agfa-Gevaert NV on May 14, 2019. For 2020, no dividend has been 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, 2019: 46 million Euro, December 31, 2018: 37 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, 2019: 1 million Euro, December 31, 2018: 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 Asian region. Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.

During 2019, the Group has transferred two subsidiaries to Agfa Graphics Asia Ltd., the holding company of the combined operations, which increased the non-controlling interests with 1 million Euro.

In 2019, Agfa Graphics Asia has established a new company, Agfa HuaGuang (Shanghai) Graphics Ltd., in which Lucky HuaGuang Graphics Co., Ltd. has a 49% stake, which increased the non-controlling interest by 2 million Euro.

The subsidiaries of Agfa Graphics Asia Ltd. at December 31, 2019 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, Ltd.

Based on the current governance structure, the Group has determined that it has control over these subsidiaries. At December 31, 2019, 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 46 million Euro. The profit allocated to non-controlling interests of these business partners amounts to 5 million Euro.

The following table summarizes the information relating to the companies in which the business partner Shenzhen Brother Goa 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	2018	2019	
	Agfa Graphics Asia Ltd. and subsidiaries (49%)	**Agfa Graphics Asia Ltd. and subsidiaries (49%)**	**Agfa HuaGuang Graphics (73,99%)**
Current assets	66	72	42
Non-current assets	36	70	-
Current liabilities	26	52	38
Non-current liabilities	-	3	-
Net assets Agfa Graphics Asia Ltd. and its subsidiaries (consolidated)	**76**	**87**	**4**
Carrying amount of non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***37***	***43***	***-***
Carrying amount of non-controlling interests in Agfa HuaGuang Graphics (73.99%)	***-***	***-***	***3***
Revenue	123	147	61
Profit for the year	18	11	-
Profit allocated to non-controlling interests in Agfa Graphics Asia Ltd. and its subsidiaries (49%)	***9***	***5***	***-***
Profit allocated to non-controlling interests in Agfa HuaGuang Graphics Asia (73.99%)	***-***	***-***	***-***
Other comprehensive income: translation differences	-	1	-
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%)	***9***	***5***	***-***
Total comprehensive income allocated to non-controlling interests in Agfa HuaGuang Graphics (73.99%)	***-***	***-***	***-***
Cash flows from operating activities	9	8	-
Cash flows from investing activities	-	(18)	-
Cash flows from financing activities	(6)	10	2
Dividends paid to non-controlling interests during the year [(1)]	***(3)***	***-***	***-***

(1) Included in cash flows from financing activities.

37.9 OTHER COMPREHENSIVE INCOME, NET OF TAX

2018

MILLION EURO	Attributed to owners of the Company					Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	**TOTAL**		
Exchange differences on translation of foreign operations	(1)	-	-	-	**(1)**	-	(1)
Net gain (loss) on hedge of net investment in foreign operation, net of tax	-	-	-	-	**-**	-	-
Exchange differences on disposal of foreign operations reclassified to profit or loss	-	-	-	-	**-**	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(15)	-	-	**(15)**	-	(15)
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	(3)	-	-	**(3)**	-	(3)
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	(4)	-	-	**(4)**	-	(4)
Net change in fair value of equity investments through OCI	-	-	(2)		**(2)**	-	(2)
Remeasurement of the net defined benefit liability, net of tax	-	-	-	26	**26**	-	26
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(1)**	**(22)**	**(2)**	**26**	**1**	**-**	**1**

2019

MILLION EURO	Attributed to owners of the Company					Non-controlling interests	TOTAL OTHER COMPREHENSIVE INCOME
	Translation reserve	Hedging reserve	Revaluation reserve	Remeasurement of the net defined benefit liability	**TOTAL**		
Exchange differences on translation of foreign operations	7	-	-	-	**7**	-	7
Net gain (loss) on hedge of net investment in foreign operation, net of tax	-	-	-	-	**-**	-	-
Exchange differences on disposal of foreign operations reclassified to profit or loss	-	-	-	-	**-**	-	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	(7)	-	-	**(7)**	-	(7)
Net changes in fair value of cash flow hedges reclassified to profit or loss, net of tax	-	3	-	-	**3**	-	3
Net changes in fair value of cash flow hedges transferred to initial carrying amount of hedged items, net of tax	-	14	-	-	**14**	-	14
Net change in fair value of equity investments through OCI	-	-	(1)	-	**(1)**	-	(1)
Remeasurement of the net defined benefit liability, net of tax	-	-		(131)	**(131)**	-	(131)
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**7**	**10**	**(1)**	**(131)**	**(115)**	**-**	**(115)**

38. LOANS AND BORROWINGS

MILLION EURO	2018	2019
Non-current liabilities	**219**	**225**
Revolving credit facility	219	149
Lease liabilities	-	75
Current liabilities	**66**	**101**
EIB loan	6	-
Liabilities to banks	13	56
Debentures	42	-
Bank overdrafts	5	9
Lease liabilities	-	37
TOTAL LOANS AND BORROWINGS	**285**	**326**

38.1 REVOLVING CREDIT FACILITY

In 2015, the Company renegotiated a revolving credit facility with a notional amount of 400 million Euro having a maturity date July 2021. In general, drawdowns under these lines are made for short periods, but the Group has the discretion to rollover the liability under the existing committed loan agreement. These loan facilities are unsecured.
At December 31, 2019, drawdowns under this facility amounted to 150 million Euro (2018: 220 million).

Transaction costs amounting to 1 million Euro were included in the initial measurement of the financial liability and are amortized using the effective interest method over the duration of the facility.

The split over the relevant periods is as follows:

MILLION EURO	Notional amount		Outstanding amount		Currency	Interest rate	
Maturity date	2018	2019	2018	2019		2018	2019
2021	400	400	219	149	EUR	1.1%	1.3%
TOTAL	**400**	**400**	**219**	**149**			

38.2 LEASE LIABILITIES

The group mainly leases buildings (such as office buildings and warehouses), company cars, other transportation equipment (such as forklifts), and other equipment (such as IT equipment).
Building leases include both annually renewable contracts with options to renew the lease as well as leases with longer fixed lease terms. The lease liability relating to building leases amounts to 75 million Euro or approximately 67% of the Group's lease liability, and has an average estimated remaining lease term of 3 years.
Company car leases typically run for a period of 4 to 5 years and represent approximately 30% of the Group's lease liability.
Other leases represent less than 3 % of the Group's lease liability and include forklifts, printers, packaging systems, etc.
Lease liabilities are payable as follows:

MILLION EURO	2019	
Maturing	Outstanding amount	Incremental borrowing rate
< 1 year	37	3.6%
Between 1-5 years	64	3.7%
> 5 years	11	4.4%
TOTAL	**112**	

Lease liabilities do not comprize costs for low value leases, short-term leases and other out of scope costs, amounting to 17 million Euro in total.

38.3 LIABILITIES TO BANKS

Liabilities to banks comprise at December 31, 2019 short-term facilities with a weighted average interest rate of 3%.

38.4 DEBENTURES

During 2019, the bond that was originally issued by the Company in May 2005 and tendered into an exchange offer in 2014, was repaid by the Company. The outstanding amount that was repaid during 2019 amounted to 42 million Euro.

38.5 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Cash flows from financing activities		Non-cash changes				
MILLION EURO	**Balance at January 1, 2019**	**Change in IFRS accounting policies**	Interests paid	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	**Balance at December 31, 2019**
Revolving credit facility	219	-	(2)	(70)	-	-	-	2	149
EIB loan	6	-	-	(6)	-	-	-	-	-
Liabilities to banks	13	-	(6)	44	-	(1)	-	6	56
Debentures	42	-	(2)	(42)	-	-	-	1	-
Lease liabilities	-	104	-	(42) (1)	43	-	5	3	112
Bank overdrafts (2)	5	-	-	4 (2)	-	-	-	-	9
Total Loans and borrowings	**285**	**104**	**(10)(3)**	**(112)**	**43**	**(1)**	**5**	**13**	**326**

(1) Comprizes intrests paid (2 million Euro).
(2) Movement in bank overdraft is comprised in movement of cash and cash equivalents in cash fow statement.
(3) Interests paid in cash flow statement comprises interests paid on net financial debt (10 million Euro) and interests paid on tax and other liabilities (4 million Euro) and on cash and cash equivalents (1 million Euro).

39. PROVISIONS

As of December 31, 2019, provisions amounted to 50 million Euro (2018: 61 million Euro).

MILLION EURO	Environmental	Trade-related	Restructuring	Other	**TOTAL**
Provisions at December 31, 2018	**3**	**28**	**18**	**12**	**61**
Provisions made during the year	1	0	24	1	**27**
Provisions used during the year	(1)	(3)	(30)	(2)	**(36)**
Provisions reversed during the year	-	-	-	(3)	**(3)**
Exchange differences	-	-	-	-	**-**
Transfers	-	-	-	1	**-**
Provisions at December 31, 2019	**3**	**25**	**12**	**9**	**50**

Provisions for environmental protection relate to future re-landscaping, landfill modernization and the remediation of land contaminated by past industrial operations.

Provisions for trade-related commitments at closing date and related flows during the year primarily comprise commissions to agents, warranty provisions and commercial litigations. Provisions for restructuring mainly comprise employee related costs. Most of the additions for this year refer to employee termination costs.

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. A provision for onerous rent was reversed in 2019 to partially offset impairment losses on right-of-use assets – see Note 29.

40. TRADE AND OTHER PAYABLES

The other payables at December 31, 2019, amounting to 9 million Euro, mainly comprises of accrued interests on liabilities and liabilities against staff resulting from compensation of travel and other personnel related expenses.
At December 31, 2018, other payables amounting to 17 million Euro comprise for 13 million Euro liabilities for earn outs, mainly related to the acquisition of IPAGSA (IPAGSA Technologies S.L.U. and IPAGSA (Shanghai) Printing Materials Co Ltd). Further information is provided under Note 19 Acquisitions.

41. OTHER LIABILITIES

The other liabilities current and non-current at December 31, 2019, amounting to 3 million Euro, mainly comprises of government grants and subsidies.

LIST OF SUBSIDIARIES

42. INVESTMENTS IN SUBSIDIARIES

The ultimate parent of the Group is Agfa-Gevaert NV (BE 0404 021 727), Mortsel (Belgium). The Company is the parent company for the following significant subsidiaries.

Consolidated companies, December 31, 2019		
Name of the company	Location	Effective interest %
Agfa (Pty.) Ltd.	Isando/Rep. of South Africa	100
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 - BE 0436 501 879	Mortsel/Belgium	100
Agfa Finco NV - BE 0810 156 470	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 - BE 0456 366 588	Mortsel/Belgium	100
Agfa Graphics S.r.l.	Milan/Italy	100
Agfa HealthCare AG	Dübendorf/Switzerland	100
Agfa HealthCare Argentina S.A.	Buenos Aires/Argentina	100
Agfa HealthCare Australia Limited	Scoresby/Australia	100
Agfa HealthCare Brasil Importacao e Servicos Ltda.	Sao Paulo/Brazil	100

Agfa HealthCare Chile Ltda.	Santiago de Chile/Chile	100
Agfa HealthCare Colombia Ltda.	Bogota/Colombia	100
Agfa HealthCare Corporation	Greenville/United States of America	100
Agfa HealthCare Denmark A/S	Copenhagen/Denmark	100
Agfa HealthCare France S.A.	Artigues près Bordeaux/France	100
Agfa HealthCare Equipments Portugal Lda.	Sintra/Portugal	100
Agfa HealthCare Finland Oy AB	Espoo/Finland	100
Agfa HealthCare Germany GmbH	Düsseldorf/Germany	100
Agfa HealthCare Ges.mbH	Vienna/Austria	100
Agfa HealthCare GmbH	Bonn/Germany	100
Agfa HealthCare Hellas A.E.B.E.	Athens/Greece	100
Agfa HealthCare Hong Kong Ltd.	Hong Kong/PR China	100
Agfa HealthCare Hungary Kft.	Budapest/Hungaria	100
Agfa HealthCare Imaging Agents GmbH	Bonn/Germany	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 - BE 0403 003 524	Mortsel/Belgium	100
Agfa HealthCare Saudi Arabia Company Limited LLC	Riyadh/Saudi Arabia	100
Agfa HealthCare (Shanghai) Co Ltd.	Shanghai/PR China	100
Agfa HealthCare Singapore Pte. Ltd.	Singapore/Republic of Singapore	100
Agfa HealthCare South Africa Pty. Ltd.	Gauteng/Rep. of South Africa	100
Agfa HealthCare Spain S.A.U.	Barcelona/Spain	100
Agfa HealthCare Sweden AB	Kista/Sweden	100
Agfa HealthCare UK Limited	Brentford/United Kingdom	100
Agfa Imaging (Shenzhen) Co. Ltd.	Shenzhen/PR China	51
Agfa Inc.	Mississauga/Canada	100
Agfa Industries Korea Ltd.	Seoul/Korea	100
Agfa Limited	Dublin/Ireland	100
Agfa Materials Corporation	Wilmington/United States of America	100
Agfa Materials Japan Ltd.	Tokyo/Japan	100
Agfa Materials Taiwan Co. Ltd.	Taipei/Taiwan	100
Agfa Scots Ltd.	Edinburgh/United Kingdom	100
Agfa Singapore Pte. Ltd.	Singapore/Republic of Singapore	51
Agfa Solutions SAS	Rueil-Malmaison/France	100
Agfa Sp. z.o.o.	Warsaw/Poland	100
Agfa Taiwan Co. Ltd.	Taipei/Taiwan	51
Agfa-Gevaert A.E.B.E.	Athens/Greece	100
Agfa-Gevaert Aktiengesellschaft für Altersversorgung	Düsseldorf/Germany	100
Agfa-Gevaert Argentina S.A.	Buenos Aires/Argentina	100
Agfa-Gevaert B.V.	Rijswijk/The Netherlands	100
Agfa-Gevaert Colombia Ltda.	Bogota/Colombia	100
Agfa-Gevaert do Brasil Ltda.	Sao Paulo/Brazil	100

Agfa-Gevaert Graphic Systems GmbH	Düsseldorf/Germany	100
Agfa-Gevaert HealthCare GmbH	Düsseldorf/Germany	100
Agfa-Gevaert Japan, Ltd.	Tokyo/Japan	100
Agfa-Gevaert Limited	Scoresby/Australia	100
Agfa-Gevaert Limited	Brentford/United Kingdom	100
Agfa-Gevaert Ltda.	Santiago De Chile/Chile	100
Agfa-Gevaert GmbH	Düsseldorf/Germany	100
Agfa-Gevaert NZ Ltd.	Auckland/New Zealand	100
Agfa-Gevaert S.A.	Pont-à-Marcq/France	99.99
Agfa-Gevaert S.p.A.	Milan/Italy	100
Agfa HealthCare Imaging Agents France S.r.l.	Marcq en Baroeul/France	100
Lastra Attrezzature S.r.l.	Manerbio/Italy	60
Litho Supplies (UK) Ltd.	Derby/United Kingdom	100
Luithagen NV - BE 0425 745 668	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	100
OOO Agfa	Moscow/Russian Federation	100
Agfa HealthCare Algérie Sarl	Alger/Algeria	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
Agfa HealthCare IT Brasil Servicis E Serviços Ltda.	Barueri/Brazil	100
Bodoni Systems	Middlesex/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
Inovelan SA	Saint-André-lez-Lille/France	100
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

43. EQUITY ACCOUNTED INVESTEES

Associated companies, December 31, 2019		
Name of the company	Location	Effective interest %
My Personal Health Record Express Inc.	New York/United States of America	26.87

OTHER INFORMATION

44. OPERATING LEASES

Within the segment HealthCare IT, the Group offers Software as a service ('Saas') which are offsite, onsite or hybrid models under which software, hardware and services are offered to the customer on a pay-per-use basis or a monthly/annual fee basis. The Group guarantees the management of the system over the contract period, and provides daily technical operations, maintenance and support to the customer. These contracts can comprise an operating lease component. The lease income related to this component amounted to 6 million euro during 2019 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, 2019 amount to 11 million Euro (see note 28).

45. COMMITMENTS AND CONTINGENCIES

45.1 CONTINGENCIES

Contingencies resulted entirely from commitments given to third parties and comprise:

MILLION EURO	2018	2019
Bankguarantees	41	37
Other	1	1
Corporate guarantees	490,902	406,754
TOTAL	**490,944**	**406,792**

Corporate guarantees mainly relate to guarantess 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 (2018: 1 million Euro).

45.2 LEGAL RISKS/CONTINGENCIES

The Group is currently not involved in any major litigation apart from those related to the AgfaPhoto insolvency.

AgfaPhoto

In connection with the divestment of the Consumer Imaging business of Agfa-Gevaert AG and certain of its subsidiaries, the Group entered into various contractual relationships with AgfaPhoto Holding GmbH, AgfaPhoto GmbH and their subsidiaries in various countries (the 'AgfaPhoto group'), providing for the transfer of its Consumer Imaging business, including assets, liabilities, contracts and employees, to AgfaPhoto group companies.

Subsequent to the divestment, insolvency proceedings have been opened with respect to AgfaPhoto GmbH and a number of its subsidiaries in both Germany and other countries. The Group had been sued through lawsuits or other actions in various countries in connection with a number of disputes. Those disputes have been resolved, with the exception of the following dispute.
With respect to that divestment, the insolvency receiver of AgfaPhoto GmbH initiated various arbitration proceedings before the ICC International Court of Arbitration in Paris. In the last arbitration proceeding that was still pending, the receiver claimed damages suffered as a result of, inter alia, the alleged undercapitalization of AgfaPhoto GmbH and the alleged causation of the insolvency of AgfaPhoto GmbH. The ICC Tribunal issued a final award on May 31, 2018, through which it dismissed all of the insolvency receiver's claims, and ordered him to reimburse to Agfa a very substantial part of the costs that Agfa incurred in that arbitration proceeding.
The insolvency receiver filed a request for the annulment of that final award before a German court ("Oberlandesgericht Frankfurt/Main" of "OLG") in October 2018. By judgement of January 16, 2020, the OLG declared the annulment of the final award of May 31, 2018. The concerned Agfa companies filed an appeal against this judgement before the "Bundesgerichtshof" (BGH).

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:

	2018		2019	
MILLION EURO	Directors	Executive Management	Directors	Executive Management
Short-term employee benefits	0.5	4.1	0.6	4.2
Termination benefits	-	1.3	-	-
Post-employment benefits	-	0.2	-	0.2
Share-based payment	-	-	-	-
TOTAL	**0.5**	**5.7**	**0.6**	**4.4**

As of December 31, 2019, 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 17 million Euro, are reflected in the statement of financial position of the Group at December 31, 2019. Key management personnel remuneration is also included in the Remuneration Report see pages 224-229.

46.2 OTHER RELATED PARTY TRANSACTIONS

Transactions with related companies are mainly trade transactions.

The Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing both partners' market position in Greater China and ASEAN region.

Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties. In 2019 the Group transferred two subsidiaries to Agfa Graphics Asia Ltd. Also in 2019, Agfa Graphics Asia established a new company, Agfa HuaGuang (Shanghai) Graphics, in which a new business partner Lucky HuaGuang Graphics Co., Ltd. participated for 49%. This strategic alliance should allow both business partners to realize growth through the optimization of their respective strengths in the field of manufacturing, technology and distribution of graphics prepress products and services.

See also Note 37.8 Non-controlling interests.

The following table summarizes the transaction values and the outstanding balances between the Group and its related parties Shenzhen Brother Gao Deng Investment Group Co., Ltd and Lucky HuaGuang Graphics Co., Ltd. In the course of 2019, Shenzhen Brother Gao Deng Investment Group Co., Ltd. received a dividend of 0.3 million Euro (49%).

MILLION EURO	Transaction value for the year ended December 31		Balance outstanding at December 31	
	2018	**2019**	2018	**2019**
Sales to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	22	22	5	4
Sales to Lucky HuaGuang Graphics Co., Ltd.		7		1
Purchases from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	9	78	1	2
Purchases from Lucky HuaGuang Graphics Co., Ltd.		68		28
Dividend	3	0.3	-	
Prepayment	25	26	25	24

Prepayments with an outstanding balance of 24 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.
One advance is amortized based upon future film volumes supplied to Agfa Graphics Asia Ltd. The outstanding amount of 19 million Euro is recognized as Other assets (see Notes 36).
The remaining outstanding amount of 5 million Euro will be settled with the future purchase of aluminum.

47. EVENTS SUBSEQUENT TO DECEMBER 31, 2019

The Company has considered subsequent events through 24 March 2020, the date the consolidated financial statements were available to be issued. Subsequent to 31 December 2019, a global COVID-19 pandemic occurred in the course of Q1. The duration and intensity of the impact of this pandemic and resulting disruption to the Company's operations is uncertain. A dedicated task force, headed by the Executive Management, follows this global crisis very closely, addressing it with all possible and necessary measures to adjust the Company's operations according to the different national and local instructions of the government and the demand evolution in the markets in which the Company operates. The Executive Management assesses the impact of the restriction measures to fight the pandemic as very significant for the second quarter of 2020 and following quarters, depending on the length and the depth of the restrictions. The impact for Agfa's business in their two main areas, being the healthcare sector and the printing industry is assessed differently. The healthcare market is a resilient, non-cyclical one. The past months, Agfa has been servicing the care providers in every way to help them to face the situation. Therefore, the business risk and the impact for this activity is considered as rather limited mainly reflected in a postponement of project implementation. At the same time, we see an increased demand for Radiology products and services, driven by the COVID-19 related emergency in countries affected, as well as the recovery of this business in China.
For the printing industry, on the other hand, the Company expects a significant impact on the Group's offset commercial printing and digital printing for sign & display as these activities are directly linked with commercial action and event organization that were strongly impacted by the many lockdown measures in different countries and regions.
Considering the aforementioned analysis of the possible impact for the Company's businesses in which it operates and the reflection of it on its results, financial position and cash flows, management strongly believes there is no issue regarding the going concern of the Company.

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	2018	2019
Fees of the independent auditor with respect to the statutory audit mandate for the Company and the Group (Belgium)	**771,129**	**784,851**
Fees for non-audit services rendered by the independent auditor to the Company and the Group		
Other attestation	178,210	373,051
Tax	-	
Other non-audit		
SUBTOTAL	**949,339**	**1,157,902**
Fees of independent auditor's network with respect to a statutory audit mandate at the level of the Group (foreign operations)	**969,497**	**1,102,348**
Fees for non-audit services rendered by the independent auditor's network to the Group (Belgian and foreign operations)		
Other attestation	65,013	65,038
Tax	102,432	82,658
Other non-audit	393,250	1,522,862
SUBTOTAL	**1,530,192**	**2,772,906**
TOTAL	**2,479,531**	**3,930,808**

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 Acquisitions of non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees identifiable net assets at the date of acquisition.

50.1.3 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.

50.1.4 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.

50.1.5 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.

If there is an indication that an investment in an associate may be impaired, the accounting policy with respect to impairment is applied.

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.

50.1.6 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 (see Note 50.1.5).

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 50.1.5).

50.1.7 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 recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised 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 on 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'.

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.
In case volume discounts incentives are offered to the customer, the expected volume rebates are estimated based on historical experience. The amount of the variable consideration is made based on the most likely amount-method. The variable consideration is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

B. Rendering of services

Under the IFRS 15 standard, revenue from maintenance contracts is recognized straight-line over the maintenance period as the customer simultaneously receives and consumes the benefits from the maintenance over time.
Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labor hours expended to date versus the estimated hours spend.
When in a service contract multiple services are offered, the total consideration is allocated to all services based on their stand-alone selling price.

C. Multiple-element arrangements

Multiple-element arrangements offer the customer a combination of several deliverables such as software, licenses, hardware, implementation services and maintenance and post-contract support services. For arrangements not requiring substantive customization of the software, each of aforementioned deliverable is assumed to qualify as a separate performance obligation.
The total arrangement fee is allocated to the distinct performance obligations based on the stand-alone selling prices of the performance obligations.

In case discounts are offered, a proportionate amount is allocated proportionally to each performance obligation based on their stand-alone selling price.

Within the HealthCare IT and Radiology Solutions business segments, most arrangements do not require significant customization of modification.

Revenue allocated to the hardware portion of the arrangement is recognized on delivery when it creates value to the customer on a stand-alone basis. Hardware is considered as a distinct performance obligation as there is no transformative relationship between the hardware and other components of the contract.

Revenue allocated to the software component is recognized after successful installation and acceptation at the client's premises. The software license is a distinct performance obligation as the customer can benefit from the license with readily available resources. The license is recognized at a point in time as the Group provides the customer access to and a right to use the intellectual property as it exists at a point in time.

Revenue from installation and implementation services are recognized as rendered. The progress is measured based on input methods being the labor hours expensed to date versus the estimated hours spend.

Extended warranty whereby the customer purchases additional warranty separately, i.e. warranty that is adding additional services on top of the legal warranty or for a longer period than legal warranty, is considered as a distinct performance obligation within multiple-element arrangements.
Revenue recognized for which no billing has yet occurred is recognized in the statement of financial position as contract assets and advance payments received for which no revenue has been recognized is presented as contract liabilities.

Within the Offset Solutions and Digital Print & Chemicals divisions, revenue from sale of equipment that require substantive installation activities is recognized when the installation of the equipment is finalized in accordance with the contractually agreed specifications. Installation services and equipment are considered highly interrelated and are identified as one performance obligation that is recognized at a point in time, i.e. at installation at the client's premises.

50.4 EMPLOYEE BENEFITS

For the accounting treatment of post-employment plans, IFRS distinguishes defined contribution plans and defined benefit plans. The classification depends on which party – Company or employee – bears the actuarial and investment risk. In case of a defined contribution plan, the employee bears all the risks and therefore the Company does not recognize a liability in its statement of financial position except for any unpaid contribution.
In case of a defined benefit plan, the Company bears the actuarial and investment risk and should consequently recognize a liability in its statement of financial position.

50.4.1 Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in profit or loss as incurred.
They are allocated among functional costs: cost of sales, research and development expenses, selling and administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

50.4.2 Defined benefit plans

As from December 31, 2016, the accounting treatment for Belgian defined contribution plans with return guaranteed by law has been aligned with the accounting treatment of defined benefit plans.

A. Liabilities for post-employment benefits

For defined benefit plans, the amount recognized in the statement of financial position is determined as the present value of the defined benefit obligation less the fair value of any plan assets. Where the calculation results in a net surplus, the recognized asset does not exceed the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligations (DBO) and the service costs are calculated by a qualified actuary using the Projected Unit Credit (PUC) method. Under this method projected benefits that are payable each future year are discounted to the reporting date at the assumed interest rate. The resulting total benefit obligation is then allocated to past service, presenting the DBO and year-in-service, presenting the service cost. The assumed interest rate is the discount rate based on yields at reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. In determining the net present value of the future benefit entitlement for service already rendered (DBO), the Group considers future compensation and benefit increases. The DBO also comprises the present value from the effects of taxes payable by the plan on contributions or benefits relating to services already rendered.

More information about the application of the PUC method for Belgian defined contribution plans can be found hereafter.

B. Defined benefit cost recognized in profit or loss and 'Other comprehensive income'

The amount charged to profit or loss consists of current service cost, past service cost, gain or loss on settlement, net interest cost and administrative expenses and taxes. Current service costs as well as administrative expenses and taxes, which are borne by the employer(s) participating to the plan, are allocated among functional costs: cost of sales, research and development expenses, selling and general administrative expenses, following the functional area of the corresponding profit and cost centers to which related employees are attributed.

Past service cost and settlement gains (losses) are recognized immediately in profit or loss under 'Other operating income' or 'Other operating expense' when the plan amendment, curtailment or settlement occurs. Administrative expenses which are related to the management of plan assets and taxes directly linked to the return on plan assets – borne by the plan itself – are included in the return on plan assets and are recognized in 'Other comprehensive income, net of income taxes (OCI)'.
Net interest cost is recognized in profit or loss under 'Other finance expense'. It is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability. The net interest cost is broken down into interest income on plan assets and interest cost on the defined benefit obligation. The difference between the return on plan assets and the interest income on plan assets is included in line item 'Post-employment benefits: remeasurements of the net defined benefit liability' and recognized in 'Other comprehensive income, net of income taxes'. Next to the difference between the actual return and the interest income on plan assets, the line item 'Post-employment benefits: remeasurements of the net defined benefit liability' also comprises actuarial gains and losses resulting for example from an adjustment of the discount rate.

These changes are all presented in 'Other comprehensive income, net of income taxes'.

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 share appreciation rights (SARs) to a number of employees listed by the Board of Directors.
SARs entitle the holder to receive a cash payment that equals the increase in value of the shares from a specified level over a specified period of time, i.e. from grant date to settlement date.

In the established share-based payment transaction, the employee 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 employees have completed a specified period of service. Therefore, the Company recognizes the services received, and a liability to pay for them, as the employees render 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 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 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.

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.
At initial recognition the Group measures its financial assets at its fair value plus any transaction costs that are directly attributable to the acquisition of the financial assets.
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 financial asset 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 recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, 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 derecognition 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 derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

50.12.3 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments primarily to manage its exposure to interest rate and foreign currency risks 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.

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.

The Group has the following categories of derivative financial instruments: Fair value-hedging instruments and derivatives Mandatory at FVTPL.

A. Hedging instruments

The Group's forward exchange contracts and swap contracts used for hedging both qualify as 'Fair value-hedging instruments'. They are subsequently re-measured at their fair value.
Cash flow hedge accounting is applied to all hedges that qualify for hedge accounting when required documentation of the hedging relationship is in place and when the hedge is determined to be effective. When hedge accounting is applied, the effective portion of any gain or loss is recognized in OCI, the non-effective portion in profit or loss.

With regard to hedge accounting, the Group has chosen to apply the new requirements of IFRS 9 and not to apply the requirements of the old IAS 39. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. The Group uses forward exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to future sales. The Group currently designates only the change of the spot element of the forward exchange contract as the hedging instrument in cash flow hedging relationships. Under the new IFRS 9, the change in the fair value of the forward element ('forward points') is accounted for as fair value through profit or loss and reflected in 'Net finance costs'.

The Group also uses metal swap agreements hedging the Group's exposure to fluctuations in commodity prices related to highly probable forecasted purchases of aluminum.

The contracts are designated as cash flow hedges and are held for the purpose of the receipt of commodities in accordance with the Group's expected usage of aluminum. Under IFRS 9 as well as under IAS 39, the amounts accumulated in the cash flow hedge reserve are removed from OCI and included in the initial carrying amount of the inventory purchased.
The types of hedge accounting transactions that the Group currently designates meet the requirements of IFRS 9 and are aligned with the Group's risk management strategy and objectives. The new hedge accounting requirements are applied prospectively.

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.

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.

50.14 LEASES

50.14.1. Policy applicable from January 1, 2019

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. This policy is applied to contracts entered into, on or after January 1, 2019.

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 derecognition and impairment requirements in IFRS 9 to the net investment in the lease.
The Group recognizes lease payments received under operating leases as income on a straight line basis over the lease term as part of 'Other operating income'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

50.14.2. Policy applicable before January 1, 2019

For contracts entered into before January 1, 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - The purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - The purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

A. As a lessee

Until year-end 2018, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset. Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

B. As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

The accounting policies applicable to the Group as a lessor before January 1, 2019, were not different from IFRS 16.

50.15 OTHER ASSETS

Other assets comprise deferred charges and other non-financial assets. Deferred charges relate to payments made by the Company before the balance sheet date in respect of the expenses of future periods (prepayments). Examples of deferred charges are payments of rent, interests and insurance premiums that were made before the balance sheet date but relate to a specific period after the balance sheet date.

Non-financial assets are carried at cost. Deferred charges are recognized in profit or loss by the straight-line method or according to performance of the services received.

50.16 INVENTORIES

Raw materials, supplies and goods purchased for resale are valued at purchase cost.
Work in progress and finished goods are valued at the cost of production. The cost of production comprises the direct cost of materials, direct manufacturing expenses, appropriate allocations of material and manufacturing overheads, and an appropriate share of the depreciation of assets used for production. It includes the share of expenses for company pension plans and discretionary employee benefits that are attributable to production. Administrative costs are included where they are attributable to production.
Inventories are valued using the weighted-average cost method.
If the purchase or production cost is higher than the net realizable value, inventories are written down to net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.
The cost of inventories may not be recoverable in following situations:

- obsolete inventory: this is determined based on a list of non-moving or slow-moving inventory-items, including items approximating the expiry date;
- damaged or expired inventory items or products showing quality problems;
- declining selling prices.

Within the Group, write-downs of inventories mainly result from obsolescence.

50.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, checks received, and balances with banks and companies. Cash equivalents are highly liquid short-term financial investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

50.18 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from retained earnings.

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity under the caption 'Reserve for own shares'. Cancelled treasury shares are transferred from 'Reserve for own shares' to 'Retained earnings'.

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* as of January 1, 2018.
IFRS 15 has 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, 2019 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 References to the Conceptual Framework in IFRS Standards

In March 2018, the IASB published amendments to References to the Conceptual Framework applicable for annual periods beginning on or after January 1, 2020. These amendments have been endorsed by the European Union in November 2019. These amendments comprise a comprehensive set of concepts for financial reporting and a revised Conceptual Framework for Financial reporting, replacing the previous version of the Conceptual Framework issued in 2010. The conceptual framework describes the objectives and concepts for financial reporting. The conceptual framework includes a new chapter on measurement, guidance on reporting of financial performance, improved definitions of an asset and a liability, clarifications of some important areas such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will apply these amendments as from January 2020.

- Amendments to IFRS 3 *Business combinations*

In October 2018, the IASB issued amendments to IFRS 3 *Business combinations* effective for acquisitions after January 1, 2020. These amendments have not yet been endorsed by the European Union. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IASB introduces an optional concentration test, which is a simplified assessment that a transaction will result in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar assets. If the test fails, a detailed assessment has to be done applying the normal requirements of IFRS 3. The Group will apply the new guidance of IFRS 3 for acquisitions after January 1, 2020 and after endorsement of this amendment by the European Union.

- Amendments to IAS 1 and IAS 8 *Definition of Material*

In October 2018, the IASB issued amendments to IAS 1 and IAS 8, applicable for annual periods beginning on or after January 1, 2020. The amendments have been endorsed by the European Union in November 2019. The amendments introduce a new definition of the term 'Material' and state that information is considered to be material if omitting, misstating or obscuring information could be expected to influence decisions that users of the financial statements would make based on those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The Group will apply these amendments as from January 1, 2020.

- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 applicable for annual periods beginning on or after January 1, 2020. These amendments have been endorsed by the European Union in January 2020. Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7 that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process. These amendments will not have an effect to the consolidated financial statements of the Group.

- 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. The Group will apply these amendments after endorsement by the European Union.

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, 2019

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, 2019, 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 42 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, 2019, 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, 2019, the consolidated statement 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 2,294 million Euro and the consolidated statement of profit or loss shows a loss for the year of 48 million Euro.
In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at December 31, 2019 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 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.

Emphasis of matter – COVID-19

We draw attention to Note 47 to the consolidated financial statements, which describes the possible effects of the COVID-19 crisis on the operations and financial situation of the Company as well as the measures taken by the Company.
Our opinion is not modified in respect of this matter.

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 and takes into account the change in operating segments that was performed by the group during 2019.

Impairment of goodwill and indefinite-life intangible assets is a key audit matter due to:

- The size of the balance (being 24.7% of total assets); and
- The level of judgement required by management in its assessment of impairment, which principally relates to the inputs used in both forecasting and discounting future cash flows to determine the recoverable amount.

- Our audit procedures

Our audit procedures included, amongst others:

- We evaluated the process by which managements' cash flow forecasts were prepared, including testing the underlying calculations and reconciling them to the latest Board of Directors approved financial targets.
- We analyzed the Group's previous ability to forecast cash flows accurately and challenged the reasonableness of current forecasts by comparing key assumptions to historical results, economic and industry forecasts and internal planning data.
- We assessed the appropriateness of the Group's valuation methodology and its determination of discount rates by including valuation specialists in our team.
- Furthermore we performed sensitivity analyses around the key assumptions used for the determination and discounting of the cash flow forecasts, in particular discount rates, growth rates and commodity prices. We assessed how management incorporated the specific risk factors faced by the businesses and the Group in their cash flow forecasts and discount rates and have also taken into consideration the fair value less cost to sell information obtained from the anticipated disposal of part of the HealthCare IT business. Having ascertained the extent of change in the assumptions that either individually or collectively would be required for the goodwill and indefinite-life intangible assets to be potentially impaired, we assessed the likelihood of such a movement in those key assumptions.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of impairment, which are included in Note 27 to the consolidated financial statements.

Recoverability of deferred tax assets

We refer to Note 17 "Income taxes" and Note 50.7.2 "Deferred tax" of the consolidated financial statements.

- Description

The Group has significant tax losses and deductible temporary differences from past business performance for which a deferred tax asset of 122 million Euro has been recognized.

There is an inherent uncertainty involved in assessing the availability of future taxable profits, which determines the extent to which deferred tax assets are or are not recognized.

Due to the significance of the balance as well as the judgment involved in the estimations described above, the recoverability of deferred tax assets is a key audit matter for our audit.

- Our audit procedures

Our audit procedures included, amongst others:

- We assessed the appropriateness of the Group's assumptions and estimates in determining the level of tax losses and deductible temporary differences to recognize.
- We assessed the Group's view of the likelihood of generating sufficient taxable profits to support the recognition of deferred tax assets, which includes an assessment of the long-term business plans, the historical and projected taxable profit forecasts at legal entity level, a consideration of tax planning strategies and sensitivities to changes in assumptions.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of income taxes, which are included in Note 17 to the consolidated financial statements.

Measurement of post-employment benefits

We refer to Note 13 "Post-Employment benefit plans" and Note 50.4 "Employee benefits" of the consolidated financial statements.

- Description

The Group provides retirement benefits in most countries in which it operates. Retirement benefits are organized through defined contribution plans as well as defined benefit plans. The Group funds its obligations in relation to those plans via insurance plans and segregated assets in Pension Funds.

The net defined benefit liability for Belgium, Germany, UK and US together represents 95.8% of the total net defined benefit liability.

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

- The size of the balance (1,125 million Euro which represents 49% of total liabilities); and
- The significant estimates made in valuing the Group's post-employment benefit obligations and underlying assets. Small changes in assumptions and estimates used to value the Group's net post-employment benefit liabilities would have a significant effect on the Group's financial position.

- Our audit procedures

Our audit procedures included, amongst others:

- We updated our understanding of the Group's valuation process.
- We assessed the competence, objectivity and capabilities of the external actuarial experts engaged by management.
- We challenged the key assumptions, being the discount rates, inflation rates and mortality expectations underlying the valuation of the Group's post-employment benefit obligations with the support of our actuarial specialists. This included a comparison of key assumptions used against externally derived data.
- We verified the accuracy of the census data underlying the actuarial valuation and reconciled the fair value of the plan assets with external confirmations.
- We assessed the overall reasonableness of the valuation outcome.
- Furthermore, we assessed the appropriateness of the Group's disclosures in respect of employee benefits, which are included in Note 13 to the consolidated financial statements.

Revenue recognition

We refer to Note 8 "Revenue" and Note 50.3 "Revenue from contracts with customers" of the consolidated financial statements.

- Description

For the year ended December 31, 2019, the Group recorded revenue amounting to 2,239 million Euro.

We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group (including bonus arrangements) and is, therefore, subject to an inherent risk of manipulation by management to meet targets or expectations and because errors in the recognition of revenue could have a material impact on the Group's profit for the year.

- Our audit procedures

Our audit procedures included, amongst others:

- Evaluating the design, implementation and operating effectiveness of key controls (including IT environment) over the existence, accuracy and timing of revenue recognition.
- Challenging the revenue recognition policies adopted by the Group by making inquiries of management and inspecting a sample of sales contracts to understand the contractual components, the delivery terms and to assess the Group's timing of revenue recognition with reference to the requirements of the prevailing accounting standards.
- Assessing whether revenue had been recognized in the appropriate accounting period by comparing a sample of sales transactions around the year-end with relevant underlying documents (e.g. delivery documentation).
- Inspecting manual adjustments to revenue, enquiring of management as to the reason for such adjustments and comparing the details of the adjustments with relevant underlying documentation.
- Testing a sample of contract assets and contract liabilities ending balances and comparing these to supporting evidence.

Board of directors' responsibilities for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, the board of directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Statutory auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.
When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Company nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company.
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 the board of directors;
- Conclude on the appropriateness of the 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 mandate 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, the other information included in the annual report, and to report on these matters.

Aspects concerning the board of directors' annual report on the consolidated financial statements and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements and other information included in the annual report:

- Chapter 1 Letter to the Shareholders and Key Figures 2019

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 "Corporate Social Responsibility" of the annual report. The Company has prepared this non-financial information based on the Global Reporting Initiative (GRI) standards. In accordance with art 3:80 §1, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned GRI standards.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

Other aspect

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Berchem, April 10, 2020

KPMG Réviseurs d'Entreprises/Bedrijfsrevisoren
Statutory Auditor
represented by

H. Van Donink
Réviseur d'Entreprises/Bedrijfsrevisor


GEVAERT
AGFA

Statutory accounts

The following pages are extracts of the statutory annual accounts of Agfa-Gevaert NV prepared under Belgian accounting policies. The management report of the Board of Directors to the Annual General Meeting of Shareholders and the annual accounts of Agfa-Gevaert NV as well as the Auditor's Report, will be filed with the National Bank of Belgium within the statutory stipulated periods. These documents are available on request from Agfa's Investor Relations department and at www.agfa.com/investorrelations.

Only the Consolidated Annual Financial Statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the Agfa-Gevaert Group. The Statutory Auditor's Report is unqualified and certifies that the non-consolidated financial statements of Agfa-Gevaert NV for the year ending December 31, 2019 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		2018	2019
I. Operating income			
A.	Turnover	432	428
B.	Stocks of finished goods, work and contracts in progress (increase +, decrease -)	(3)	(1)
C.	Own work capitalized	28	19
D.	Other operating income	99	91
E.	Non-recurring operating income	0	0
TOTAL OPERATING INCOME		**556**	**537**
II. Operating charges			
A.	Raw materials, consumables		
	1. Purchases	215	198
	2. Stocks (increase -, decrease +)	(1)	2
B.	Services and other goods	97	84
C.	Remuneration, social security costs and pensions	207	203
D.	Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	33	30
E.	Amounts written off stocks, contracts in progress and trade debtors (appropriations +, write-backs -)	(1)	2
F.	Provisions for liabilities and charges (appropriations +, uses and write-backs -)	(3)	(7)
G.	Other operating charges	11	18
H.	Non-recurring operating charges	0	3
TOTAL OPERATING CHARGES		**558**	**533**
III.	**Operating profit/Loss**	**(2)**	**4**
IV.	**Financial income**	**88**	**93**
V.	**Financial charges**	**(213)**	**(505)**
VI.	**Gain/Loss for the period before taxes**	**(127)**	**(408)**
VII.	**Transfer from deferred taxes**	**0**	**0**
VIII.	**Income taxes**	**0**	**1**
IX.	**Gain/Loss of the period**	**(127)**	**(407)**
X.	**Transfer from untaxed reserves**	**0**	**0**
XI.	**Gain/Loss of the period available for appropriation**	**(127)**	**(407)**
Appropriation account			
A.	Profit to be appropriated	182	(226)
	1. Gain (loss) of the period available for appropriation	(127)	(407)
	2. Accumulated profits (losses)	309	181
B.	Withdrawals from capital and reserves	0	0
C.	Transfer to capital and reserves	0	0
D.	Accumulated profits (losses)	182	(226)
F.	Profit to be distributed	0	0

FINANCIAL POSITION

MILLION EURO		December 31, 2018	**December 31, 2019**
Assets			
I.	Formation expenses	1	**1**
II.	Intangible fixed assets	19	**21**
III.	Tangible fixed assets	29	**28**
IV.	Financial fixed assets	2,824	**2,775**
V.	Amounts receivable after more than one year	5	**5**
VI.	Stocks and contracts in progress	108	**104**
VII.	Amounts receivable within one year	289	**262**
VIII.	Current investments	14	**19**
IX.	Cash at bank and in hand	7	**2**
X.	Deferred charges and accrued income	3	**4**
		3,299	**3,221**
Liabilities			
I.	Capital	187	**187**
II.	Share premium account	211	**211**
IV.	Reserves	416	**416**
V.	Accumulated profits	182	**(226)**
VI.	Investment grants	1	**1**
		997	**589**
VII.	Provisions and deferred taxes	27	**20**
VIII.	Amounts payable after more than one year	220	**150**
IX.	Amounts payable within one year	2,052	**2,461**
X.	Accrued charges and deferred income	3	**1**
		3,299	**3,221**

Corporate Governance Statement

The Company has decided to switch from the Belgian Corporate Governance Code 2009 as reference code to the Belgian Corporate Governance Code 2020 as from the financial year 2020. The Code can be consulted on the website www.corporategovernancecommittee.be. During the financial year 2020, the Articles of Association of the Company will be conformed to the new Code of Companies and Associations (Law of March 23, 2019) published in the Belgian State Gazette on April 4, 2019.

On January 21, 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.

Unless otherwise stated in the relevant sections of this Statement, the Company was completely in line with the Belgian Corporate Governance Code 2009 for the financial year 2019. The complete Corporate Governance Charter of the Company is published on the website: www.agfa.com/investorrelations.

This Corporate Governance Statement is also in line with the Law on Corporate Governance of April 6, 2010, as published in the Belgian State Gazette on April 23, 2010. The Law on Corporate Governance can be consulted on the website of the Belgian State Gazette www.staatsblad.be.

The Remuneration Report is part of this Corporate Governance Statement. 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 2019, eight effective meetings took place, as well as a couple of short discussions per conference call.

In the course of 2019, the Board of Directors discussed and decided upon, inter alia: defining the corporate strategy and key policies, the transformation process of the Agfa-Gevaert Group, the succession of the Chairman and the CEO, the perspectives for 2020 and the action plans for the years to come, recommendations from the various Committees to the Board of Directors, risk management, the approval of budgets, cost control scenarios, the evolution of important litigations and the approval of the annual accounts.

Directors likely to have conflicting interests with regard to any item on the agenda must disclose the conflict before any deliberation and must abstain from deliberating and voting on that item. More particularly, the directors must not put themselves in conflict situations as described in the Corporate Governance Charter of the Company. Should such an event occur against their will, they must disclose it before any deliberation relating to the conflicting item and must abstain from deliberating and voting on that item.

In 2019, there has been one case of conflicting interests according to article 523 of the Companies Code between Agfa-Gevaert NV and a board member:
During a board meeting held on May 13, 2019, in accordance with the article 523 of the Companies Code, the following has been reported in connection with the "Aceso Project – special bonus plan": the CEO declares that he, as a possible beneficiary, has a conflict of interest with the plan as submitted for decision to the board of directors. The CEO, Mr. Reinaudo, did not participate in this discussion and the voting on the decision. When approving the "Aceso Project – special bonus plan" the board of directors considered the financial impact on the company of the special bonus allowed to the CEO. The Board of Directors acknowledged that the special bonus would fully depend on the value created as a result of the transaction.

In case the transaction value surpasses a certain minimum amount, the CEO will be entitled to an extra 37.5% of his annual total employment cost. At the target value considered by the Board for the transaction, the CEO will be entitled to an extra 100% of his annual total employment cost. At the maximum value considered by the Board for the transaction, the CEO will be entitled to an extra 262.5% of his annual total employment cost. After this discussion, the Board unanimously decided to approve the "Project Aceso - special reward plan", modified as described hereabove.

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.
The mandates as a director of Julien De Wilde, Viviane Reding, Hilde Laga and Klaus Röhrig, expired immediately following the General Meeting of Shareholders of May 14, 2019. Only Hilde Laga and Klaus Röhrig sought re-election. To ensure the Board of Directors had a sufficient number of independent directors, it has been proposed to the shareholders to appoint Helen Routh and Vantage Consulting BVBA, with permanent representative Mr. Frank Aranzana, as independent directors for a four-year term.
The Board therefore consists today of the following seven members:

- Klaus Röhrig, Chairman, member since 2018, Director of companies,
- Mercodi BVBA, with permanent representative Jo Cornu, member since 2002, Director of companies,
- MRP Consulting BVBA (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,
- CRBA Management BVBA, with permanent representative Christian Reinaudo, CEO, member since 2010, Director of companies,
- Vantage Consulting BVBA (1), with permanent representative Frank Aranzana, member since 2019, Director of companies.

(1) Independent director in accordance with article 526ter of the Belgian Code of Companies.

No mandates as a director will expire immediately following the General Meeting of Shareholders.
At the General Meeting, it will be proposed to the shareholders to appoint PJY Management BV, with permanent representative Pascal Juéry, as executive director for a four-year term. The Board of Directors is convinced that this candidate has the right competences and qualities to become a valuable member of the Board, as it appears from the below mentioned CV.

Pascal Juéry

Pascal Juéry, 54 years old and from Paris, France, is a graduate from ESCP Business School. 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.

CV's of the members of the Board of Directors

Klaus Röhrig (°1977 - Austrian) holds a Master of Economics and Business Administration from Vienna University of Economics and Business Administration. In 2000, Klaus Röhrig started his career at Credit Suisse First Boston in London, focusing on corporate finance and M&A for technology companies. In 2006, he joined Elliott Associates where he was responsible for the funds' investments in the German speaking countries as well as selected debt, equity and sovereign investments. In 2015, Klaus Röhrig founded Active Ownership Group, a Luxembourg based investment group. He serves as Chairman of the Supervisory Board of listed Francotyp-Postalia Holding AG and Non-Executive Chairman of listed exceet Group SE. Throughout his career, he focused on identifying investment opportunities, structuring of investments and process-driven value creation.

Klaus Röhrig joined Agfa-Gevaert as non-executive director in November 2018 and was elected Chairman of the Board of Directors in May 2019.

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 in 2016, he became an Advent Operating partner, sitting on Allnex's Advisory Committee.

Frank Aranzana joined the Board of Directors in May 2019.

Jo Cornu (°1944 - Belgian) graduated as an engineer specializing in electrotechnology and mechanics from the Catholic University of Leuven (Belgium) and later obtained a PhD in electronics from the Carlton University in Ottawa (Canada). Jo Cornu was CEO of Mietec from 1982 to 1984 and later General Manager for Bell Telephone until 1987. From 1988 to 1995, he was member of the Executive Board of Alcatel NV and from 1995 to 1999 he was COO for Alcatel Telecom. Later he became an advisor to the Chairman of the Board of Directors of Alcatel. From 2005 to 2007, Jo Cornu was Chairman of the ISTAG Group (Information Society Technologies Advisory Group) of the European Commission. From the beginning of March 2007 to the end of January 2008, he was Chairman of Medea +, the Eureka Cluster for micro electronics research in Europe. From December 2012 until November 2013, he was chairman of the Board of Directors of Electrawinds SE. From November 2013 to March 2017, he was CEO of the NMBS, the National Belgian Railway Company.

Jo Cornu joined the Agfa-Gevaert Board of Directors in 2002. At the end of November 2007, Jo Cornu was appointed CEO of Agfa-Gevaert. He resigned as CEO as from May 1, 2010.

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, and that comprises approximately 150 qualified lawyers. 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 (former CBFA).

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.

Christian Reinaudo (°1954 - French) is a graduate from the 'Ecole de Physique et de Chimie Industrielles de Paris' and holds a doctorate from the 'University of Paris' (France). He started his career with Alcatel (formerly named 'Compagnie Générale d'Electricité') in 1978 in the Research and Development Centre of Marcoussis (France). During his Alcatel period, he managed several multi billion Euro businesses and international sales and services organizations.
From 1984 to 1996, he held several positions in the Cable Group of Alcatel (now Nexans), from research and development, to manufacturing, procurement, sales support and services. He took the position of President of the Submarine Networks Division in early 1997. Appointed President of the whole Optics Group in 1999, he enters the Executive Committee of Alcatel early 2000 as Executive Vice-President. In 2003, he was appointed President of Alcatel Asia Pacific and moved to Shanghai (China) where he stayed until 2006. During this period, he was also the Vice-Chairman of the Board of Directors of Alcatel Shanghai Bell, the Chinese joint venture of Alcatel with the Chinese government. In 2006, he came back to Paris to manage the integration and the transition process associated with the merger of Alcatel and Lucent Technologies. He also became Director in the Board of Directors of Draka Comteq (the Netherlands). In 2007, he was appointed President Northern and Eastern Europe of Alcatel-Lucent and he joined the Board of Directors of Alcatel-Lucent (Belgium).

Early 2008, Christian Reinaudo joined Agfa-Gevaert to be President of Agfa HealthCare. Christian Reinaudo joined the Agfa-Gevaert Board of Directors in 2010. As from May 1, 2010 till February 1, 2020, he was CEO of Agfa-Gevaert.

Current mandates

- Director of Domo Chemicals GmbH (since October 18, 2016).
- Chairman Biocartis Group NV (since May 11, 2018).

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.
Helen Routh currently serves as the chairman of the board of Ultromics, an outcomes based AI company spun out of the University of Oxford and is a non-executive Director of Health Innovation Manchester, linking industry with the hospitals, universities and research bodies to transform health and well being in Greater Manchester, UK.
She is an invited keynote speaker and panelist on both technical and business topics, and currently serves on the International Scientific Committee of ESPCI in Paris.

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

Committees established by the Board of Directors

Audit Committee (AC)

The Audit Committee completes the tasks as described in article 526bis§4 of the Belgian Code of Companies 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 526bis§2 of the Belgian Code of Companies, with respect to the expertise in the field of accounting and audit.

The Committee held five meetings in 2019. Amongst other items the following topics were discussed: the verification of the annual accounts 2018, the quarterly results of 2019, the reports of the internal audit department, the follow-up of important legal issues such as the AgfaPhoto file, Information Security and the evaluation of risk management in the Group.

Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee has been entrusted by the Board of Directors with responsibilities concerning the nomination for appointment, reappointment or dismissal of Directors and members of the Executive Management, the remunerations policies and the individual remuneration of the Directors and the members of the Executive Management. Operation and functions of the NRC are described extensively in chapter 5.2 of the Corporate Governance Charter. The Nomination and Remuneration Committee consists exclusively of non-executive directors.

Since May 14, 2019, the Nomination and Remuneration Committee consists of the following three non-executive directors: Mr. J. Cornu, Chairman, Mrs. H. Laga and Mr. F. Aranzana. Two of them are independent directors. The Committee had eight meetings in 2019 and the following items, amongst others, were discussed: composition of the Board of Directors and the Committees, the succession of the CEO, the compensation and benefits philosophy, performance and remuneration of the Executive Management and Senior Executives, pension obligations and drafting of the Remuneration Report.

Presence at the meetings of the Board of Directors and the Committees

	Board	AC	NRC
Mr. Julien De Wilde (1)	2/3	1/2	
Mr. Christian Reinaudo	8/8		
Mrs. Helen Routh (6)	5/5	3/3	1/2
Mr. Jo Cornu	8/8		8/8
Mr. Frank Aranzana (5)	5/5		4/4
Mrs. Hilde Laga (4)	7/8	2/2	8/8
Mrs. Viviane Reding (2)	3/3		2/4
Mr. Mark Pensaert	8/8	5/5	
Mr. Klaus Röhrig (3)	8/8	3/3	

(1) Director and member AC till May 14, 2019
(2) Director and member NRC till May 14, 2019
(3) Member AC as from May 14, 2019
(4) Member AC till May 14, 2019
(5) Director and member NRC as from May 14, 2019
(6) Director and member AC as from May 14, 2019

Management of the Company

CEO and Executive Committee (ExCo)

The Executive Management is at present entrusted to a Managing Director/CEO assisted by an ExCo. Together they represent the Executive Management.

The CEO is responsible for the implementation of the Company's policy and strategy laid down by the Board of Directors. Consequently, he has the most extensive powers regarding day-to-day management as well as a number of specific special powers. These powers are described extensively in the Corporate Governance Charter.

In order to allow the Board of Directors to exercise its control, the CEO regularly reports about his activities and about the development of the subsidiaries and affiliated companies.
CRBA Management BVBA represented by Christian Reinaudo announced during the meeting of the Board of Directors of January 8, 2020 that he wishes to resign as CEO of the Company as of February 1, 2020.
The Board of Directors decided to appoint PJY Management BV represented by Pascal Juéry as the new CEO.

Since May 9, 2018, the ExCo is composed as follows:

- Mr. Dirk De Man, Chief Financial Officer;
- Mr. Stefaan Vanhooren, President Offset Solutions;
- Mr. Luc Delagaye, President Digital Print & Chemicals and Radiology Solutions;
- Mr. Luc Thijs, President Agfa HealthCare.

Internal control and risk management systems in relation to financial reporting

Agfa's Executive Management is responsible for the Group's internal control and risk system including those regarding financial reporting as approved by the Board of Directors. Internal control over financial reporting includes the assessment of the relevant risks, the identification and monitoring of key controls and actions taken to correct deficiencies as identified. The Audit Committee reviews the effectiveness of the internal control and risk management systems.

Control environment

Agfa's control environment comprised in 2019 of central finance functions such as consolidation and reporting, tax, treasury, investor relations on the one hand and finance functions at the level of the four business divisions on the other hand.
All finance functions report (in-)directly to the Chief Financial Officer. All Group entities follow uniform central accounting policies and reporting requirements which are described in Agfa's Group Consolidation Accounting Manual.

Risk management

Based on review meetings with the central functions and business group management, the Executive Management had, in 2019, 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 2019, each business group was responsible for the monitoring of the financial performance and forecasting and reports to the Executive Management. The consolidation process, based on a more extensive reporting, was performed on a quarterly basis and reviewed by the Executive Management and the Audit Committee who might define actions to the business groups and the central functions.

Information and communication

All entities use uniform central reporting tools and report in accordance with the instructions and reporting guidelines set out by the central reporting department. Financial information (including key performance indicators) was prepared on a consistent basis for each business group and at consolidated level and reviewed by the appropriate responsible. The Executive Management reports to the Audit Committee on all key risk factors on a regular basis.

Monitoring

One of the responsibilities of the financial department is to improve the procedures used to prepare and process financial information. Regular reviews are conducted on the key control procedures in the preparation of financial information in the subsidiaries and at Group level in order to ensure proper application of instructions and guidelines with regards to financial reporting.
Internal Audit performs reviews on the monitoring of internal policies, guidelines and controls both relating to financial reporting and operational matters such as sales, production and R&D. Internal Audit reports to the Audit Committee which monitors the effectiveness.
The Company Secretary has been appointed as Compliance Officer to monitor the Directors' and other designated persons' compliance with the Group's policy with regard to inside information and market manipulation.

Risk factors description

Market, technology and competition risks

As with any company, Agfa is continuously confronted with market and competition risks. In all its businesses Agfa is faced with rapid changes in technology. The Offset business also has been characterized by challenging market conditions and price erosion. Agfa is introducing many new technologies, such as industrial inkjet, direct radiography as well as IT systems for the healthcare market. The marketplace for healthcare IT systems is highly competitive and subject to rapid change.

Cost of raw materials

Agfa relies on other companies to supply certain key raw materials. The most important of these are aluminum and silver. Fluctuating raw material prices and any failure to obtain the needed raw materials on a timely basis could adversely affect Agfa's business, operational result and financial status. Furthermore, Agfa may choose to hedge a portion or the totality of its raw materials exposure, as it deems appropriate.

Product liability

The activities of the Group may expose Agfa to product liability claims. Particularly with respect to its HealthCare activities, Agfa needs to comply completely with regulatory systems in many different countries. To mitigate product liability risks, Agfa has implemented a strict quality policy and control and has concluded a general insurance policy. Agfa has never suffered significant losses with respect to product liability, but there can be no assurance that this will not occur in the future.

Environmental matters

Agfa is subject to many environmental requirements in the various countries in which it operates, including air and waste water emissions, hazardous materials and spill prevention and clean up. Significant operating and capital expenditures are required to comply with applicable standards. Provision is also made for current and reasonably foreseeable compliance and remediation costs.

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. 179-180 of the financial statements.

Miscellanea

Furthermore, certain risks should be taken into account which could have a negative impact on the Company and its activities. Examples are risks concerning the continuity of production, loss of key management and personnel, extraordinary impairment of assets, pension obligations, changes in currency exchange rates and acquisitions.

Evaluation of the Board of Directors and its Committees

The major features of the evaluation process for the Board of Directors and its Committees include assessing how the Board of Directors and its Committees operate, checking that the important issues are suitably prepared and discussed, evaluating the actual contribution of each Director's work and their involvement in discussions and decision-making. The complete evaluation process is extensively dealt with in the chapters 3, 4 and 5 of the aforementioned Corporate Governance Charter.

The last formal evaluation occurred in 2016, in which an internal evaluation process has taken place on the initiative of the Chairman of the Board and in collaboration with the Chairman of the Nomination and Remuneration Committee, involving contacts with the members of the Board of Directors and of the Executive Management in order to evaluate the functioning of the Board and the Executive Management (on individual level as well as on a corporate body level) on the one hand and the cooperation and relation between both bodies on the other hand. As the majority of the members of the Board have been only recently appointed (in or after 2018), the Board of Directors decided, notwithstanding the provisions of the Corporate Governance Code, to carry out the next formal evaluation only in 2021. The Board of Directors believes that this delay is necessary in order to make a correct evaluation of the functioning of the newly composed Board.

The criteria taken into consideration for the evaluation concerned the size, composition and performance of the Board of Directors and the Committees as well as the quality of the interaction between the Board of Directors and the Executive Management. The results were based on answers given to a questionnaire (containing about seventy questions divided into ten chapters) on the one hand and the feedback provided during individual interviews on the other hand.

In the years where no formal evaluation is scheduled, the Chairman of the Board will informally inquire the Members of the Board and of the Executive Management at regular intervals regarding the functioning of the various corporate bodies.

Diversity

See p. 44 through p. 46.

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 January 21, 2020. The adapted version of the Code is available on the Company's website as part of the Corporate Governance Charter.

Information related to major events subsequent to December 31, 2019 and information on circumstances that could significantly impact the development of the Group

See Note 47 p. 181.

Information on the R&D activities

See p. 58 trough p. 60.

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 trough p. 61.

Auditor

Agfa-Gevaert NV's Statutory Auditor is KPMG Bedrijfsrevisoren, represented by Mr. Harry Van Donink. The Statutory Auditor was reappointed at the General Meeting of Shareholders of May 14, 2019, for another three-year term. Hence, the mandate will expire immediately following the General Meeting of Shareholders to be held in 2022.
More details on the fees in relation to the services provided by KPMG Bedrijfsrevisoren is to be found under Note 48 on p. 182.

Information with regard to important participations

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 (March 26, 2020) are the following:

- **Active Ownership Capital SARL** with between 10% and 15% of the outstanding stock as from April 12, 2019;
- **Classic Fund Management AG** with between 3% and 5% of the outstanding stock as from January 1, 2017;
- **Axxion S.A.** with between 3% and 5% of the outstanding stock as from November 15, 2019;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from September 6, 2018.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 67.61% and 78.61%.

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 26, 2019, 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 7 and 14 of the Articles of Association of the Company (version April 24, 2012);
- 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, containing the statutory and consolidated annual accounts, and including the report of the auditor, 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 others, draw up proposals for the Board of Directors regarding the remuneration policy and remuneration levels for the Directors and the members of the Executive Management.

The remuneration criteria aim to recruit, retain and motivate Directors and Executive Management members complying with the profile determined by the Board of Directors. The remuneration of the non-executive directors takes into account their general role as Board Member and their specific roles as Chairman of the Board, Chairman or Member of a Committee, as well as their responsibilities and time needs resulting from these functions.

The NRC determines the level and structure of the remuneration of the Executive Management members in function of the recruitment, retaining and motivation of qualified and competent professionals, taking into account the nature and extension of their individual responsibilities.

Remuneration Policy

As a global positioning for its remuneration policy for management employees, Agfa uses a 'market rate' which is based on a comparison of the yearly 'Total Target Cash' salary with the '67th percentile of the General Market'.

'Total Target Cash' is the sum of the yearly base salary, other fixed arrangements, as well as all 'on target" variable arrangements, i.e. the 'Global Bonus Plan', the 'Sales Incentive Plans (SIP)', the 'Service Incentive Plans (SEP)' and various local variable arrangements.
To measure the individual positioning against the General Market, Agfa uses the CompaRatio, being the percentage of the current salary package divided by the market rate.

This positioning allows Agfa to:
a. apply a consistent approach across different geographies;
b. compare roles within Agfa (regional or functional);
c. attract and retain talent by differentiating our positioning versus the midpoint of the market;
d. contain the cost and
e. benefit from a global view of the market, not limited to a few companies.

In order to have clear information about the market, Agfa uses both the job evaluation method and the global salary surveys provided by Hay (Korn Ferry Group).

The global budget allowed for merit increases is established annually and is based on different elements:
- the Company's global and local financial situation (cost containment);
- the average positioning of Agfa's population vs. the local market. To measure the individual positioning against the market, Agfa applies the CompaRatio's;
- the market trends in each country (and in certain cases even sub-country);
- the legal constraints;
- the respect of the merit budget allowed the year(s) before.

Agfa is committed to 'Pay for Performance'. As such, the compensation evolution should be based on the following five parameters:
- criticality of position and scarcity of skills on the market to the organization;
- performance and expertise in role;
- future potential of the employee;
- external (market) benchmark: CompaRatio;
- internal benchmark, salaries of peers.

Variabilization. 'Total Target Cash' needs to be in line with Agfa's global policy, internal and external equity in a long term vision.

Global Bonus Plan (GBP): all managers that have a variable arrangement and are not attached to a SIP or a SEP, are attached to a GBP. This is a multiplication plan based on a collective and an individual factor:
- collective: the financial results of Agfa or Agfa HealthCare (whether or not in combination with geographic results) in comparison to the targets;
- individual: through the performance appraisal.

Global budget definition: an overall bonus envelop (or funding ratio) is determined at the level of respectively Agfa and Agfa HealthCare. The "bonus funding ratio" determines the portion of the total-on-target-bonus that will be paid out.

The bonus envelop is a closed envelope, meaning that pay-out can never exceed the 200% that will be paid out when EBITDA results attain at least 150% of the EBITDA budgeted for.

Upon recommendation of the Nomination & Remuneration Committee, the Board has decided in 2015 to review the Global Bonus Plan of the Executive Management, with the objective to also integrate a medium to long term component in such plan. From the year 2017, the gradual transition to the new plan was fully realized.

As a result, this Global Bonus Plan now consists of four elements:

- a 3-year target that will be applied for 25% of the on-target bonus.
  The 3-year parameter for 2022 is a combination of top line result and EBITDA/Sales%. Both elements will be equally weighed, so both applied for 12.5% of the on target bonus. For both elements, a bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold.

- a 2-year target that also will be applied for 25% of the on-target bonus.
  The 2-year parameter for 2021 is EBITDA/ Sales%. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. A linear approach will be used between the bottom and top threshold.

- a 1-year collective performance target that will be applied for 40% of the on-target bonus.
  The 1-year parameter is EBITDA. A bottom threshold (below which pay-out will be 0) and a top threshold (as of which maximum pay-out of 200% will be reached) is set. Pay-out is linear between the bottom threshold and 130% of the target. As from 131% of the target, pay-out is accelerated.

- 1-year individual performance targets that will be applied for 10% of the on-target bonus. The individual performance targets can be achieved up to a maximum of 100%.

In 2020, the Agfa-Gevaert Group again will have to deliver on some exceptional projects having an important impact on the Group's future evolution and development. One of these projects relates to the successful implementation of the sale of part of the Agfa Health-Care activities to Dedalus and another relates to the further implementation of the strategic alliance in Offset Solutions with Lucky HuaGuang Graphics Co. Ltd.

Given the exceptional character and nature of these projects and given their importance for the Agfa-Gevaert Group and its stake-holders, the Board of Directors, upon recommendation of the Nomination & Remuneration Committee, has decided to hold out the prospect of an exceptional bonus to the Executive Management in case these projects are duly implemented within agreed timelines and conform to the business plans. This bonus will come in addition to the Global Bonus Plan for Executive Management.

The Board of Directors initiated in 2019 a review of the remuneration policy, inter alia also to adjust this policy to the recommendations of the Belgian Corporate Governance Code 2020. The remuneration package of the new CEO is already based on this new approach. It now is the ambition to adapt in 2020 the remuneration package of the other members of the Executive Management in accordance with this new model and to evaluate the compensation of the Board members.

Remunerations

Board of Directors

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy. The latest adjustment for the members of the Board of Directors was done on the occasion of the Annual Meeting of 2006. The remuneration of the Chairman was defined in 2008.

A fix, annual standard remuneration is foreseen, which is different for the Board meetings on the one hand and the Committee meetings on the other hand. There is also a distinction between the remuneration of the Chairman and that of the members. The remuneration covers a predetermined number of meetings. When this number is exceeded on an individual basis, an additional fee per additional meeting is foreseen.

The following standard remunerations are provided:

Board of Directors (for a maximum of seven meetings per calendar year)	
Chairman (1)	180,000 Euro
Members	50,000 Euro
AC (for a maximum of five meetings per calendar year)	
Chairman	25,000 Euro
Members	12,500 Euro
NRC (for a maximum of three meetings per calendar year)	
Chairman	15,000 Euro
Members	7,500 Euro

(1) This remuneration is comprehensive, meaning that it includes the remuneration related to the mandate in the AC as well as the possible variable remunerations provided for the number of meetings exceeding the set maximum.

Additional fix remuneration of 2,500 Euro for every meeting exceeding the set maximum of seven, five or three meetings per calendar year, for respectively the fixed remuneration for the Board, AC or NRC.

An additional compensation for expenses of 2,500 Euro for non-EU residents for every meeting they attend in Europe and the same for EU-residents attending meetings outside Europe. This scheme from the past became relevant again, as the Board again has a non-EU resident as member since 2019.

Performance related remuneration

Non-executive directors do not receive any performance related remuneration.
The annual individual remuneration for the members (executives as well as non-executives) of the Board of Directors for the exercise of their mandate during financial year 2019 is as follows:

EURO	Board of Directors	Committees	TOTAL
Mr. Jo Cornu (1)	52,500.00	27,500.00	80,000.00
Mrs. Helen Routh	50,000.00	12,500.00	62,500.00
Mrs. Hilde Laga	50,000.00	20,000.00	70,000.00
Mr. Mark Pensaert (2)	52,500.00	25,000.00	77,500.00
Mr. Frank Aranzana (3)	50,000.00	10,000.00	60,000.00
Mr. Christian Reinaudo (4)	52,500.00	-	52,500.00
Mr. Klaus Röhrig	180,000.00	-	180,000.00
TOTAL	487,500.00	95,000.00	582,500.00

(1) Permanent representative of MERCODI BVBA.
(2) Permanent representative of MRP Consulting BVBA.
(3) Permanent representative of Vantage Consulting SPRL
(4) Executive director and permanent representative of CRBA Management BVBA.

CEO

After the Annual General Meeting of April 27, 2010, the Board of Directors appointed CRBA Management BVBA, represented by Mr. Christian Reinaudo, as Managing Director/CEO. Mr. Reinaudo has given up his mandate as CEO on February 1, 2020. As Managing Director, he will be replaced after the 2020 annual general meeting.

The fix annual remuneration of the CEO, CRBA Management BVBA, represented by Mr. Christian Reinaudo, was set at 1,136,800 Euro. This remuneration also comprises the remunerations of Mr. Reinaudo as a Director in certain Agfa subsidiaries. A variable remuneration 'on target' of 435,500 Euro has also been provided for.

For 2019, the remuneration for the CEO was:

- fix remuneration: 1,136,800.00 Euro (1);
- variable remuneration: 425,048.00 Euro;
- compensation for transport, rent and various insurances: 72,379.58 Euro.

(1) Incl. the remunerations of Mr. Reinaudo as a director in certain Agfa subsidiaries.

No pension or group insurance contributions were paid for the CEO. The cash component of the variable remuneration was earned for 50% in the short term (max. one year) and for 50% based on multi-year targets.
As explained in the Corporate Governance Statement, Mr. Reinaudo is a beneficiary under the "Project Aceso – special bonus plan". Subject to the realization of the transaction with Dedalus regarding the sale of part of the HealthCare IT activities, Mr. Reinaudo will be entitled in 2020 to the compensation foreseen in that special bonus plan.

The Board of Directors has appointed on February 1, 2020, Mr. Pascal Juéry, permanent representative of PJY Management BV, as CEO and intends to appoint him as Managing Director promptly after the 2020 annual general meeting.

The annual fix remuneration of the CEO, PJY Management BV, represented by Mr. Pascal Juéry, was set at 780,000 Euro (excl. VAT). This remuneration also comprises the remunerations of Mr. Juéry as a Director in certain Agfa subsidiaries. A variable remuneration 'on target' of 520,000 Euro has also been provided for. The agreement with PJY Management foresees that the annual fix and variable remuneration will not be immediately acquired upon his taking office, but only gradually.

In addition, Mr. Juéry is eligible for a long-term variable compensation. This long-term variable compensation is embedded in a Phantom Stock Option Plan and can result in an additional cash bonus. These are the key components of the Phantom Stock Option Plan:

- During a period of 5 years, which commenced on February 1, 2020, Mr. Juéry will annually receive 200,000 Phantom Stock Options.
- The strike price for each of these Phantom Stock Options has been set at 4.75€ (to be adjusted downwards for any dividend distribution).
- The Phantom Stock Options will vest for one/third of each grant at the end of each calendar year over three years.
- The Phantom Stock Options can be exercised at the earliest three years after grant.

It is foreseen that the cash component of the variable remuneration of the CEO will be earned for 50% in the short term (max. one year) and for 50% based on multi-year targets.

In the agreement with the CEO, there is a contractual recovery right foreseen for variable remuneration that would have been granted based on incorrect financial data.

Finally, Mr. Juéry is entitled to a compensation for incurred travel- and representation costs.

ExCo

There is no automatic adjustment of the remuneration levels, but they are being reviewed on a regular basis in order to verify whether they are still in line with the policy. As mentioned above, the compensation policy for members of the Executive Committee will be re-assessed in 2020.

The overall gross fix remuneration for the ExCo in 2019 amounted to 1,655,091.51 Euro (excluding employers' social contributions). The total annual 'on target' variable remuneration amounted to 827,421.80 Euro.

For 2019, the global variable compensation amounts to 807,564.00 Euro (excluding employers' social security contributions). For the members of the ExCo, depending on their personal situation, part of this compensation is converted into a pension allowance. The pension contributions paid for these members amounted to 241,684.64 Euro and 71,668.33 Euro as benefits in kind.

The cash component of the variable remuneration was earned for 50% in the short term (max. one year) and for 50% based on multi-year targets. The benefits in kind, which may vary from member to member, include a company car, a representation allowance, meal vouchers and various insurances (directors' liability, travel and medical insurance, private accidents).

In the agreements with the Executive Management members, there is no contractual recovery right for a variable remuneration granted based on incorrect financial data.

Also the members of the Executive Committee are beneficiaries under the "Project Aceso - special bonus plan". Subject to the realization of the transaction with Dedalus regarding the sale of part of the HealthCare IT activities, the members of the Executive Committee will be entitled in 2020 to the compensation foreseen in that special bonus plan.

Shares and options

Nor the CEO, nor the members of the ExCo were granted shares as part of their remuneration. In the agreement with the new CEO, Mr. Juéry, it is foreseen that he has to purchase 100,000 Agfa-Gevaert shares. Mr. Juéry purchased these shares prior to taking up his mandate as CEO.

As in previous years, the Board of Directors decided not to grant options to the Executive Management for 2019. There are no longer share options or other rights to acquire shares that have been granted to the members of the Executive Management.

During the 2014 Annual General Shareholders' meeting, the Shareholders decided to approve the proposal of the Board of Directors to activate under certain conditions tranche no. IX of the Long Term Incentive Plan.
The key parameters of this tranche are that it is a Long Term Incentive Plan for eligible persons among the members of the Executive Management, executives at Level I and II and certain other employees, where an estimated number of 4,060,000 options can be granted as from the moment that the closing stock price of the shares on Euronext Brussels exceed 3.45 Euro/share during the last 30 calendar days preceding the offering date. After reflection within the NRC on the question whether a share option plan is still the best form of a Long Term Incentive Plan for the Agfa-Gevaert Group, the Board of Directors has decided to launch a 'Stock Appreciation Rights Bonus'-plan, in the course of 2016. Consequently, no share options have been granted under tranche no. IX of the Long Term Incentive Plan. The CEO and the ExCo members were no beneficiaries of the tranche no. I, the only tranche of the "Stock Appreciation Rights Bonus"-plan. The Board of Directors has decided to end the "Stock Appreciation Rights Bonus"-plan, now that it has launched a Phantom Stock Option Plan.

Severance

The stipulations with regards to severance in the contracts with the different members of the Executive Management can be summarized as follows:

On February 1, 2020, Mr. Reinaudo has given up his mandate as CEO to retire. He therefore was not eligible for a severance payment.

The Board of Directors can terminate the mandate of the new CEO at any moment with a notice period of 12 months. Should the termination occur prior to 2022, the notice period will be reduced. In case the mandate is terminated because of a serious fault, the agreement with the CEO can be ended with immediate effect, without any compensation being due.

In case of termination by the Company (and except for an event of serious fault), Mr. Thijs will be entitled to a notice period calculated in conformity with the minimum of art. 82§5 of the Law of July 3, 1978 (three months per five years of seniority) corrected, as appropriate, in conformity with the provisions of the Law of December 26, 2013. Mr. Vanhooren has no explicit contractual severance clause and falls under the application of general Belgian law. In case of termination by the Company (and except for an event of serious fault), Messrs. Delagaye and De Man will be entitled to a notice period calculated in conformity with a certain schedule corrected, as appropriate, in conformity with the provisions of the Law of December 26, 2013. This schedule foresees a minimum notice period of six months and a maximum of 15 months upon retirement for Mr. Delagaye and a maximum of 12 months for Mr. De Man.

Furthermore, in those cases where they are to comply with the contractual non-compete arrangement, Messrs. De Man, Vanhooren, Delagaye and Thijs will be entitled to an additional indemnity equal to 75% of their gross remuneration for the 12 months of the non-compete.

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.

Clinical Information System (CIS)
These comprehensive, integrated IT solutions are designed for collecting, storing, manipulating and making available clinical information important to the healthcare delivery process. Clinical Information Systems may be limited in extent to a single area (e.g. laboratory systems, ECG management systems) or they may be more widespread and include virtually all aspects of clinical information (e.g. electronic patient records).

CO_2
Carbon dioxide, generated by combustion of fuel.

COD
Chemical oxygen demand, the amount of oxygen needed for chemical oxidation of constituents of water.

computed radiography (CR)
The technology of making X-ray images with conventional X-ray equipment but whereby the images are captured on reusable image plates, instead of X-ray film. The information on the plates is read by a digitizer and provides a digital image. Dedicated image processing software (such as Agfa HealthCare's MUSICA) can be used to automatically maximize the quality of the images for diagnostic purposes. The digital images can also be completed with manual inputs (annotations, measurements, etc.) and are ready for archiving on a Picture Archiving and Communication System.
see also direct radiography

computer-to-plate (CtP)
A process whereby the pages or artwork of printed matter – e.g. the pages of newspapers or magazines – are digitally imaged onto printing plates directly from computer files without the intermediate step of film.

conductive ink
Conductive inks are typically used for printed electronics applications such as: printed busbars and conductors in membrane keyboards and switches, RFID antennas, touch screen panels,... Agfa's ORGACON nano-silver inks feature very high conductivity with a low silver deposition and support high-resolution patterning. ORGACON advantages are: patterning of micro-grid electrodes by screen-printing, high-conductive traces at low thickness and width, formability and flexibility.

CT (computed tomography)
A CT scanner uses a series of X-rays to create image 'slices' of the body. Agfa's product portfolio does not include CT scanners, but its Picture Archiving and Communication Systems (PACS) are used for the management and the (3D) visualization of the digital images. Agfa's hardcopy printers are used to produce high quality prints of the images.

CtP
see computer-to-plate

digital radiography
A form of X-ray imaging, where digital technology is used instead of traditional photographic X-ray film. The most commonly used digital radiography technologies are computed radiography and direct radiography.

direct radiography (DR)
Radiographic technology that converts X-ray energy into digital data without the use of intermediate image capturing plates or films. These digital data generate a diagnostic image on a PC. As the data are digital, a wide range of possibilities is available for image optimization or completion as well as for archiving the images on Picture Archiving and Communication Systems. DR systems are mostly used in centralized radiology environments.
see also computed radiography

e-health
Term used to describe the application of information and communication technologies in the health sector.

Electronic Health Record
An Electronic Health Record is created when a person's Electronic Patient Record is linked to his/her non-medical electronic files from organizations such as governments and insurance companies.

Electronic Patient Record (EPR)
The electronic alternative to a patient's paper file. The EPR contains all patient data, such as demographics, examination orders & results, laboratory reports, radiological images and reports, treatment plans, catering needs etc., and can be easily accessed throughout the hospital and, if required, from other sources.

Enterprise Imaging
Agfa HealthCare's Enterprise Imaging platform unites departmental PACS, RIS, advanced 3D functionalities, voice recognition,

vendor-neutral archiving, viewer and mobile functionalities. The solution enhances and speeds up image acquisition and retrieval, optimizes system efficiency and performance, enhances patient care, and allows true collaboration across departments, hospitals or regions.

flexo(graphic) printing
Method of printing using flexible, rubber or synthetic printing plates attached to rollers. The inked image is transferred from the plate directly to the paper, or other substrate.

hardcopy
A hardcopy is the printed version of a digital image. Agfa HealthCare's hardcopy printers are used for printing medical images from various sources: CT scans, MRI scans, computed radiography (CR), direct radiography (DR), etc. Agfa produces both the so-called 'wet' and 'dry' printers. Wet laser technology implies the use of aqueous chemical solutions to develop the image. The environmentally friendly dry technology prints the image directly from the computer onto a special film by thermal effect.

Hospital Information System (HIS)
These comprehensive, integrated IT solutions manage the medical, administrative, financial and legal aspects of a healthcare organization.

image processing software
These software applications analyze medical digital images and automatically apply image enhancement techniques to better visualize all details. They improve the workflow in the radiography department and allow the radiologist to work faster and more accurately. Agfa HealthCare's MUSICA software is generally accepted as a standard in the market.

inkjet (system)
Any printer that transfers extremely small droplets of ink onto paper to create an image, from small models for office use over medium models – e.g. for poster printing – to larger equipment for industrial applications.

integrated care solutions
These solutions integrate all healthcare providers, social care organizations, patients, and other stakeholders of whole regions and countries in a virtual network. They collect and analyze data from all stakeholders in order to predict and prevent possible healthcare-related complications, including over and under capacity in hospitals and medical errors. They can play a major role in the management of chronic diseases and they can make it possible to detect developing health issues in a population in an early stage.

membrane
Thin, flexible layer or material designed to separate components of a solution.

membrane switch
A membrane switch is an electrical switch for turning a circuit on and off. Membrane switches are user-equipment interface utilities which can be as simple as a tactile switch for controlling lightning, or as complex as membrane keyboards and switch panels for computers.

modalities
In this report this term is used for the various imaging systems, including radiography equipment, MRI scanners and CT scanners. These systems can all be connected to an Agfa HealthCare Picture Archiving and Communication System (PACS).

MRI (Magnetic Resonance Imaging)
The MRI scanner uses very strong magnetic fields and creates images by pulsing radio waves that are directed at the parts of the body to be examined. Agfa's product portfolio does not include MRI scanners but its Picture Archiving and Communication Systems (PACS) are used for the management and visualization of the digital images. Agfa's hardcopy printers are used to produce high quality prints of the images.

N
Nitrogen.

non-destructive testing
To check the structure and tolerance of materials without damaging or deforming them.

NO_x
Nitrogen oxide, generated for example as a result of combustion with air.

offset printing
Printing technique where thin aluminum printing plates are wrapped and fixed round a cylinder on a (litho) printing press. While rotating, the printing plates obtain ink and water. The ink adheres to the image whilst the water prevents ink adhering to the non-printing areas. The inked image is transferred onto a rubber blanket attached to a second cylinder and then transferred from the blanket to the paper or another medium.

OHSAS 18001
International standard for health and safety management systems (OHSAS stands for Occupational Health and Safety Assessment System).

P
Phosphor.

PACS
see Picture Archiving and Communication System

PET (polyethylene terephthalate or polyester)
Polyethylene terephthalate or polyester is a chemical prepared with a base of ethylene glycol and terephtalic acid. It is the basic raw material for the substrate of photographic film; it is coated with different types of purpose specific chemical layers, such as for medical and graphic purposes.

Picture Archiving and Communication System (PACS)
PACS was originally developed to efficiently manage the distribution and archiving of diagnostic images produced by radiology departments. Due to specific software developments, Agfa HealthCare's systems are also suitable for use by other departments in the hospital, such as cardiology, orthopedics and women's care. Extensive PACS systems are also used to connect all hospital departments that intensively use clinical images on one network. Agfa's MUSICA software is used to process and optimize the images on the PACS system.

platesetter
A platesetter digitally images the pages or artwork of printed matter from the computer onto printing plates, which are then processed and mounted on a printing press.

polymer
A polymer is a large molecule composed of many smaller units (monomers) joined together. Polymers can be natural (e.g. proteins and rubber) or manmade (e.g. plastics and nylon). Conductive polymers conduct electricity. ORGACON™ is the trade name for Agfa Digital Print & Chemicals' conductive polymer product line.

prepress
The preparation and processing of content and document files for final output to printing plates, including high-resolution scanning of images, color separation, different types of proofs, etc.

printed circuit board (PCB)
A thin plate on which chips and other electronic components are placed. Computers consist, principally, of one or more boards.

printing plate (for computer-to-plate)
Printing plates consist of a high-quality grained and anodized aluminum substrate and a (silver or photopolymer) coating. The lasers used to expose these plates typically operate on thermal energy or visible light. The coatings respond to the laser energy creating chemical/physical changes to the plate surface. CtP plates are chemically processed to create a press-ready plate, though some CtP plate technologies are process-free.

Radiology Information System (RIS)
Agfa's RIS solutions are marketed under the name IMPAX. A RIS is a computer-based solution for the planning, follow-up and communication of all data relating to patients and their examinations in the radiology department, i.e. starting from the moment that an examination is requested up to the radiologist's report. The RIS is strongly linked with the Picture Archiving and Communication System (PACS)
(for the images contained in the examinations).

RFID antenna
RFID stands for radio-frequency identification. It is the use of radio signals to transfer data from a tag attached to an object or embedded in an ID card, for the purposes of automatic identification. The system does not require physical contact between the tag and the identification device as the data are transmitted via an antenna, which is also embedded in e.g. the ID card.

screen printing
The printing procedure, during which a viscous ink is applied through a metal or nylon gauze onto the paper. The gauze is made impermeable – by use of stencils – in the non-printing parts.

UV LED ink
UV LED (curable) inks consist mainly of acrylic monomers. After printing, the ink is transformed into a hard polymerized film by a high dose of UV LED light. UV LED stands for ultraviolet light emitting diode. The advantage of UV LED curable inks is that they dry instantly, can print on a wide range of uncoated substrates and make a very robust image. The ink does not contain hazardous components such as Volatile Organic Compounds (VOC) or solvents and does not evaporate.

VIC
Volatile inorganic compounds.

VOC
Volatile organic compounds.

wide-format (printer)
A wide-format printer – sometimes also referred to as a large format printer – is a digital printer that prints on sheets or rolls 24-inches/60 cm wide or more.

workflow software
Software that allows operators to control the prepress process with a software interface. It also streamlines the flow of work by automating individual steps in the process – thus saving time and reducing costs.

GRI index table (core option)

Disclosure	GRI	Description	Cross-Reference
Organizational profile	102-1	Name of the organization	Annual report p. 221 Corporate Governance Charter 1.1 on www.agfa.com
	102-2	Activities, brands, products, and services	Annual report p. 10-11 Annual report p. 67-97
	102-3	Location of headquarters	Annual report p. 10-13
	102-4	Location of operations	Annual report p. 10-13
	102-5	Ownership and legal form	Annual report p. 220-221 Annual report p. 236
	102-6	Markets served	Annual report p. 10-11 Annual report p. 67-97
	102-7	Scale of the organization	Annual report p. 9 Annual report p. 176-178
	102-8	Information on employees and other workers	Annual report p. 40-55
	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.y.a.
	102-11	Precautionary Principle or approach	Annual report p. 23
	102-12	External initiatives	REACH, ISO
	102-13	Membership of associations	VBO, VOKA, essenscia, Belir, WAN-IFRA, VIGC, FESPA, FEFCO, ESMA, Hydrogen Net (Waterstofnet), ...
Strategy	102-14	Statement from senior decision-maker	Annual report p. 4-7
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Annual report p. 60-61 Code of Conduct on www.agfa.com
Governance	102-18	Governance structure	Annual report p. 210-221 Corporate Governance Charter on www.agfa.com
Stakeholder engagement	102-40	List of stakeholder groups	Annual report p. 18
	102-41	Collective bargaining agreements	n.y.a.
	102-42	Identifying and selecting stakeholders	Annual report p. 18-19
	102-43	Approach to stakeholder engagement	Annual report p. 18
	102-44	Key topics and concerns raised	n.y.a.
Reporting practice	102-45	Entities included in the consolidated financial statements	Annual report p. 176-178
	102-46	Defining report content and topic	Annual report p. 6-7 and p. 17-18
	102-47	List of material topics	Annual Report p. 19-21
	102-48	Restatements of information	Annual report p. 141-142 Note 20
	102-49	Changes in reporting	n.y.a.
	102-50	Reporting period	January 1, 2019 - December 31, 2019
	102-51	Date of most recent report	April 2019
	102-52	Reporting cycle	Yearly
	102-53	Contact point for questions regarding the report	Investor Relations see Annual Report p. 236
	102-54	Claims of reporting in accordance with the GRI Standards	Annual Report p. 17
	102-55	GRI content index	Annual report p. 231
	102-56	External assurance	n.y.a.

n.y.a. is not yet available

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 2015-2019

MILLION EURO	2015	2016	2017	2018	2019
Revenue	**2,646**	**2,537**	**2,443**	**2,191**	**2,239**
Cost of sales	(1,804)	(1,680)	(1,629)	(1,489)	(1,510)
Gross profit	**842**	**857**	**814**	**701**	**729**
Selling expenses	(352)	(344)	(336)	(306)	(299)
Administrative expenses	(170)	(167)	(169)	(172)	(176)
Research and development expenses	(144)	(141)	(144)	(141)	(147)
Net impairment loss on trade and other receivables, including contract assets	-	-	(2)	(5)	(4)
Other operating income	110	98	68	56	42
Other operating expenses	(125)	(137)	(93)	(73)	(131)
Results from operating activities	**161**	**166**	**138**	**62**	**14**
Interest income (expense) - net	**(11)**	**(8)**	**(7)**	**(8)**	**(8)**
Other finance income (expense) - net	**(63)**	**(43)**	**(32)**	**(31)**	**(30)**
Net finance costs	**(74)**	**(51)**	**(39)**	**(39)**	**(38)**
Share of profit of associates - net of tax	-	-	(1)	(1)	(1)
Profit (loss) before income taxes	**87**	**115**	**98**	**22**	**(25)**
Income tax expense	(16)	(35)	(53)	(34)	(28)
Profit (loss) from continuing operations	**71**	**80**	**45**	**(12)**	**(53)**
Profit (loss) from discontinued operations - net of tax	**0**	**0**	**0**	**(3)**	**5**
Profit (loss) for the period	**71**	**80**	**45**	**(15)**	**(48)**
Profit (loss) attributable to:					
Owners of the Company	62	70	37	(24)	(53)
Non-controlling interests	9	10	8	9	5
Earnings per share (Euro)					
Basic earnings per share (Euro)	0.37	0.42	0.22	(0.14)	(0.32)
Diluted earnings per share (Euro)	0.37	0.42	0.22	(0.14)	(0.32)

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.

This footnote refers to the table Consolidated Statement of Financial Position 2015-2019 on p. 233.

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 2015-2019

MILLION EURO	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	**Dec. 31, 2019**
ASSETS					
Non-current assets	**1,064**	**1,066**	**985**	**1,019**	**1,060**
Intangible assets and goodwill	622	621	589	615	566
Property, plant and equipment	214	198	190	174	142
Right-of-use assets	0	0	0	0	110
Investments in associates	1	6	5	4	4
Other financial assets	16	10	11	9	8
Trade receivables	6	12	14	16	21
Receivables under finance lease	49	57	55	62	62
Other assets	4	13	6	24	24
Deferred tax assets	152	149	115	114	125
Current assets	**1,338**	**1,286**	**1,248**	**1,348**	**1,234**
Inventories	512	483	487	498	436
Trade receivables	509	493	503	420	408
Contract assets	-	-	-	105	100
Current income tax assets	64	64	63	71	75
Other tax receivables	26	25	23	25	25
Receivables under finance lease	33	30	30	30	34
Other receivables	24	13	14	14	15
Other current assets	40	45	44	34	21
Derivative financial instruments	2	4	16	1	1
Cash and cash equivalents	123	129	68	141	107
Non-current assets held for sale	5	-	-	10	10
TOTAL ASSETS	**2,402**	**2,352**	**2,233**	**2,367**	**2,294**
EQUITY AND LIABILITIES					
Total equity	**268**	**252**	**307**	**290**	**130**
Equity attributable to owners of the Company	**228**	**215**	**275**	**252**	**83**
Share capital	187	187	187	187	187
Share premium	210	210	210	210	210
Retained earnings	771	841	878	854	803
Other reserves	(92)	(79)	(69)	(93)	(84)
Translation reserve	(7)	32	(8)	(9)	(5)
Post-employment benefits: remeasurements of the net defined benfit liability	(841)	(976)	(923)	(897)	(1,028)
Non-controlling interests	**40**	**37**	**32**	**38**	**47**
Non-current liabilities	**1,363**	**1,382**	**1,241**	**1,336**	**1,402**
Liabilities for post-employment and long-term termination benefit plans	1,185	1,264	1,149	1,066	1,137
Other employee benefits	9	13	13	13	12
Loans and borrowings	137	74	47	219	225
Provisions	6	4	5	9	5
Deferred tax liabilities	21	19	21	22	19
Trade payables	4	6	4	2	2
Contract liabilities	-	-	-	3	1
Other non-current liabilities	1	2	2	2	1
Current liabilities	**771**	**718**	**685**	**740**	**761**
Loans and borrowings	44	37	39	66	101
Provisions	81	74	66	52	45
Trade payables	202	219	220	217	232
Contract liabilities	-	-	-	163	151
Deferred revenue and advance payments	141	141	128	-	-
Current income tax liabilities	60	56	53	47	49
Other tax liabilities	45	37	34	27	38
Other payables	46	11	12	17	9
Employee benefits	130	132	128	134	130
Other current liabilities	5	3	3	4	1
Derivative financial instruments	17	8	2	13	5
TOTAL EQUITY AND LIABILITIES	**2,402**	**2,352**	**2,233**	**2,367**	**2,294**

CONSOLIDATED STATEMENT OF CASH FLOWS 2015-2016

MILLION EURO	2015	2016
Profit (loss) for the period	**71**	**80**
Adjustments for:		
- Depreciation, amortization and impairment losses	61	72
- Changes in fair value of derivative financial instruments	(2)	2
- Granted subventions	(9)	(8)
- (Gains) losses on sale of non-currrent assets	(4)	(12)
- Net finance costs	74	51
- Share of result of equity accounted investees - net of income tax	-	-
- Income tax expense	16	35
	207	220
Changes in:		
- Inventories	5	34
- Trade receivables including cash inflows from securitization	31	25
- Trade payables	(27)	(18)
- Deferred revenue and advance payments	9	(5)
- Other working capital	10	(22)
- Non-current provisions and (post-) employee benefits	(85)	(70)
- Current provisions	(7)	(2)
Cash generated from operating activities	**143**	**162**
Income taxes paid	6	(20)
Net cash from (used in) operating activities	**149**	**142**
Interest received	2	1
Proceeds from sale of intangible assets	2	2
Proceeds from sale of property, plant and equipment	7	6
Proceeds from assets held for sale	-	14
Acquisition of intangible assets	(2)	(4)
Acquisition of property, plant and equipment	(35)	(40)
Changes in lease portfolio	(5)	(6)
Acquisition of subsidiary, net of cash acquired	(7)	-
Change in other investing activities	4	(3)
Net cash from (used in) investing activities	**(34)**	**(30)**
Interest paid	(18)	(9)
Dividends paid to non-controlling interests	(25)	(12)
Capital increase	-	-
Loans and borrowings	(137)	(72)
Other financial flows	(7)	(15)
Net cash from (used in) financing activities	**(187)**	**(108)**
Net increase (decrease) in cash and cash equivalent	**(72)**	**4**
Cash and cash equivalents at January 1	**194**	**122**
Effect of exchange rate fluctuations	**-**	**1**
Cash and cash equivalents at December 31	**122**	**127**

CONSOLIDATED STATEMENT OF CASH FLOWS 2017-2019

MILLION EURO	2017 restated (1)	2018	2019
Profit (loss) for the period	**45**	**(15)**	**(48)**
Income taxes	53	34	28
Share of (profits)/loss of associates, net of tax	1	1	1
Net finance costs	39	39	38
Operating result	**138**	**59**	**19**
Depreciation, amortization and impairment losses	**56**	**60**	**171**
Other non-cash expenses	**153**	**168**	**159**
Change in inventories	(41)	(57)	50
Change in trade receivables	(39)	(8)	4
Change in contract assets	-	4	7
Change in trade working capital assets (2)	**(80)**	**(61)**	**62**
Change in trade payables	7	(4)	19
Change in deferred revenue and advance payments	(5)	-	-
Change in contract liabilities	-	25	(13)
Changes in trade working capital liabilities (2)	**2**	**21**	**6**
Changes in trade working capital	**(78)**	**(40)**	**68**
Cash out for employee benefits	(199)	(209)	(226)
Cash out for provisions	(19)	(25)	(36)
Changes in lease portfolio	-	(11)	(9)
Changes in other working capital	11	(29)	(18)
Cash settled operating deriviatives	-	13	(16)
Cash generated from operating activities	**62**	**(14)**	**147**
Income taxes paid	(22)	(30)	(24)
Net cash from / (used in) operating activities	**40**	**(44)**	**123**
Capital expenditure	(46)	(40)	(38)
Proceeds from sale of intangible assets and PP&E	6	5	7
Acquisition of subsidiaries, net of cash acquired	(2)	(25)	(16)
Disposal of discontinued operations	-	-	16
Interests received	1	3	3
Net cash from / (used in) investing activities	**(41)**	**(57)**	**(28)**
Interests paid	(9)	(15)	(15)
Dividends paid to non-controlling interests	(10)	(3)	-
Proceeds from borrowings	-	227	127
Repayment of borrowings	(23)	(34)	(201)
Payment of finance leases	-	(1)	(42)
Proceeds / (payment) of derivatives	-	(1)	3
Other financing income/(costs) incurred	-	(2)	(3)
Other financial flows	(13)	2	-
Net cash from (used in) financing activities	**(55)**	**175**	**(131)**
Net increase / (decrease) in cash & cash equivalents	**(56)**	**74**	**(36)**
Cash & cash equivalents at the start of the period	**127**	**67 (3)**	**136**
Net increase/(decrease) in cash & cash equivalents	(56)	74	(36)
Effect of exchange rate fluctuations on cash held	(3)	(5)	(1)
Cash & cash equivalents at the end of the period	**68**	**136 (3)**	**99**

(1) During 2018, the Group has changed the presentation of the Consolidated statement of cash flows by separating following non-cash expenses: write-downs on inventories, impairment losses on receivables, additions and reversals of provisions and accrued expenses for personnel commitments and defined benefit plans and similar plans. These other non-cash expenses were previously reflected in 'Changes in Trade Working Capital' and 'Changes in Provisions'. By this new presentation, management believes to provide more relevant information to the users of the Consolidated Financial Statements. Therefore, the Group has restated the comparative period presented.

(2) During 2018, the Group has consistently applied its accounting policies used in previous year, except for the presentation of the consolidated statement of financial position and the consolidated statement of cash flows that both have changed resulting from the application of the new IFRS standard 15 'Revenue from Contracts with Customers'. The Group has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application, i.e. January 1, 2018. As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented. Due to the changes in IFRS 15, the cash flows on the different line items of the Trade Working Capital are not comparable with 2017 as the cash from/(used in) contract assets and contract liabilities for 2017 were reflected in the line items 'Changes in inventories', 'Changes in trade receivables' and 'Changes in other working capital'. More information is provided in footnote (1) to the Consolidated statement of financial position.

(3) Net of bank overdraft previously included in proceeds/repayments of borrowings (December 31, 2017: 1 million Euro / December 31, 2018: 5 million Euro).

Listing	BRUSSELS STOCK EXCHANGE
Reuters Ticker	AGFAt.BR
Bloomberg Ticker	AGFB: BB/AGE GR
Datastream	B:AGF

SHARE INFORMATION	
First day of listing	June 1, 1999
Number of shares outstanding on December 31, 2019	167,751,190
Market capitalization on December 31, 2019	559 million Euro

Shareholder structure (March 26, 2020)

According to the information available to the Company by virtue of the transparency declarations received in accordance with the relevant legal and statutory stipulations, the main shareholders on date of this Annual Report are the following:

- **Active Ownership Capital SARL nv** with between 10% and 15% of the outstanding stock as from April 12, 2019;
- **Classic Fund Management AG** with between 3% and 5% of the outstanding stock as from January 1, 2017;
- **Axxion S.A.** with between 3% and 5% of the outstanding stock as from November 15, 2019;
- **Norges Bank** with between 3% and 5% of the outstanding stock as from September 6, 2018.

The Company has 2.39% of its own stock as treasury stock. Hence, the free float currently amounts between 67.61% and 78.61%.

EURO	2015	2016	2017	2018	**2019**
Earnings per share	0.37	0.42	0.22	(0.14)	(0.32)
Net operating cash flow per share	0.89	0.85	0.23	(0.26)	0.88
Gross dividend	-	-	-	-	-
Year end price	5.24	3.673	3.887	3.330	4.618
Year's high	5.40	5.117	4.934	4.336	4.860
Year's low	1.994	2.609	3.601	2.914	3.214
Average volume of shares traded/day	389,059	438,204	269,123	425,481	281,280
Weighted average number of ordinary shares	167,751,190	167,751,190	167,751,190	167,751,190	167,751,190

Shareholder queries

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FINANCIAL CALENDAR 2020	
Annual General Meeting	May 12, 2020
First quarter 2020 results	May 12, 2020
Second quarter 2020 results	August 26, 2020
Third quarter 2020 results	November 13, 2020

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