

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2022

The condensed interim financial statements as of June 30, 2022 as well as the related explanatory notes have not been subject to a review of KPMG Bedrijfsrevisoren.

1.1 Condensed consolidated statement of financial position

in million Euro	Note	June 30, 2022	December 31, 2021
ASSETS			
Non-current assets		808	756
Goodwill	11	302	280
Intangible assets		38	13
Property, plant and equipment		130	129
Right-of-use assets		66	68
Investments in associates		1	1
Other financial assets	19	6	8
Assets related to post-employment benefits	13	56	40
Trade receivables	19	10	12
Receivables under finance lease	19	73	70
Other assets		10	11
Deferred tax assets		117	124
Current assets		1,284	1,339
Inventories		537	418
Trade receivables	19	323	307
Contract assets		96	76
Current income tax assets		60	63
Other tax receivables		25	19
Financial assets		1	2
Receivables under finance lease		20	30
Other receivables	19	7	4
Other assets		17	18
Derivative financial instruments	19	4	1
Cash and cash equivalents	19	191	398
Non-current assets held for sale		2	3
Total assets		2,092	2,095
Equity			
Equity attributable to owners of the Company		787	685
Share capital		187	187
Share premium		210	210
Retained earnings		1,242	1,284
Other reserves		(4)	(1)
Translation reserve		15	(15)
Post-employment benefits: remeasurements of the net defined benefit liability		(914)	(1,033)
Non-controlling interests		51	54

The notes on pages 9 to 28 are integral part of these consolidated condensed interim financial statements.

Condensed consolidated statement of financial position (continued)

in million Euro	Note	June 30, 2022	December 31, 2021
Non-current liabilities		685	812
Liabilities for post-employment and long-term termination benefit plans	13	608	735
Other employee benefits		12	11
Loans and borrowings	19	45	46
Provisions		12	12
Deferred tax liabilities		8	6
Contract Liabilities		-	1
Other liabilities		2	-
Current liabilities		620	597
Loans and borrowings	19	26	27
Provisions		36	42
Trade payables	19	271	252
Contract Liabilities		132	111
Current income tax liabilities		25	28
Other tax liabilities		23	28
Other payables	19	11	9
Employee benefits		84	99
Other liabilities		1	-
Derivative financial instruments	19	10	2
Total equity and liabilities		2,092	2,095

The notes on pages 9 to 28 are integral part of these consolidated condensed interim financial statements

1.2 Condensed consolidated statement of profit or loss and condensed consolidated statement of comprehensive income

Condensed consolidated statement of profit or loss

in million Euro	Note	6 months ending June 30, 2022	6 months ending June 30, 2021
Revenue	14	893	836
Cost of sales		(633)	(584)
Gross profit		260	252
Selling expenses		(122)	(113)
Research and development expenses		(48)	(49)
Administrative expenses		(84)	(79)
Net impairment loss on trade and other receivables, including contract assets		-	-
Other operating income	7	14	26
Other operating expenses	7	(23)	(10)
Result from operating activities	6	(3)	27
<i>Interest income (expense) – net</i>		(1)	(1)
Interest income	15	1	1
Interest expense	15	(1)	(2)
<i>Other finance income (expense) – net</i>		(9)	(3)
Other finance income	15	5	6
Other finance expense	15	(14)	(9)
Net finance costs		(9)	(4)
Profit (loss) before income tax	9	(13)	23
Income tax expense		(7)	(14)
Profit (loss) for the period		(20)	9
Profit (loss) attributable to:			
Owners of the Company		(21)	10
Non-controlling interests		1	(1)
Earnings Per Share (euro)		(0.13)	0.06

Condensed consolidated statement of comprehensive income

The condensed consolidated statement of comprehensive income for the current interim period (second quarter ending June 30, 2022) with comparative statements of comprehensive income for the comparable interim period for the immediately preceding year, as required by IAS34.20, has been included in addendum.

in million Euro	6 months ending June 30, 2022	6 months ending June 30, 2021
Profit (loss) for the period	(20)	9
Other comprehensive income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:	30	12
<i>Exchange differences:</i>	32	15
Exchange differences on translation of foreign operations	32	15
<i>Cash flow hedges:</i>	(2)	(3)
Effective portion of changes in fair value of cash flow hedges	(4)	3
Change in fair value of cash flow hedges reclassified to profit or loss	2	(2)
Adjustment for amounts transferred to initial carrying amount of hedged item	-	(4)
Income taxes	-	-
Items that will not be reclassified subsequently to profit or loss:	117	81
Equity investments at fair value through OCI – change in fair value	(2)	2
Remeasurements of the net defined benefit liability	130	82
Income taxes on remeasurement of the net defined benefit liability	(11)	(3)
Total other comprehensive income for the period, net of tax:	147	92
Total comprehensive income	127	102
attributable to:		
Owners of the Company	125	101
Non-controlling interests	2	1

The notes on pages 9 to 28 are integral part of these consolidated condensed interim financial statements

1.3 Condensed consolidated statement of cash flows

In million Euro	Note	6 months ending June 30, 2022	6 months ending June 30, 2021
Profit (loss) for the period		(20)	9
Income taxes		7	14
Share of (profit)/loss of associates – net of tax		-	-
Net finance costs	15	9	4
Operating result		(3)	27
<u>Adjustments for:</u>			
Depreciation, amortization		17	17
Depreciation right-of-use assets		14	14
Impairment losses		-	-
Exchange results and changes in fair value of derivatives		8	2
Recycling of hedge reserve		2	(2)
Government grants and subsidies		(2)	(5)
Losses on the sale of intangible assets and PPE		-	(7)
Result on disposal of discontinued operations		-	-
Expenses for defined benefit plans and long-term termination benefits		22	13
Accrued expenses for personnel commitments		30	35
Write-downs / reversal of write-downs on inventories		7	5
Impairment losses / reversal of impairment losses on receivables		-	-
Additions / reversals of provisions		4	(5)
Operating cash flow before changes in working capital		97	95
<u>Changes in:</u>			
Inventories		(102)	(64)
Trade receivables		14	14
Contract assets		(13)	(3)
Trade payables		(5)	33
Contract liabilities		14	14
Other working capital		(7)	3
Cash out for employee benefits		(87)	(206)
Cash out for provisions		(11)	(25)
Changes in lease portfolio		9	4
Cash settled operating derivatives		(3)	5
Cash generated from operating activities		(95)	(128)
Income taxes paid		(6)	(1)
Net cash from (used in) operating activities		(101)	(130)

The notes on pages 9 to 28 are integral part of these consolidated condensed interim financial statements

Condensed consolidated statement of cash flows (continued)

in million Euro	Note	6 months ending June 30, 2022	6 months ending June 30, 2021
Capital expenditure		(13)	(14)
Proceeds from sale of intangible assets & PPE		1	11
Acquisition of subsidiary, net of cash acquired	16	(48)	-
Disposal of discontinued operations, net of cash disposed of	8	(2)	-
Repayment of loans granted to third parties		-	1
Interest received		2	1
Dividends received		-	-
Net cash from (used in) investing activities		(59)	(1)
Interests paid		(2)	(2)
Dividends paid		(5)	-
Purchase of treasury shares		(21)	(9)
Proceeds from borrowings	12	-	-
Repayment of borrowings	12	(1)	(2)
Payment of lease liabilities		(15)	(15)
Proceeds/(payments) of derivatives		(6)	1
Other financing income (costs) incurred		4	1
Net cash from (used in) financing activities		(46)	(26)
Net increase (decrease) in cash and cash equivalents		(206)	(157)
Cash and cash equivalents at 1 January		398	585
Net increase (decrease) in cash and cash equivalents		(206)	(157)
Effect of exchange rate fluctuations on cash held		1	(1)
Gains / (losses) on marketable securities		-	(1)
Cash and cash equivalents at 30 June *		191	427

*Bank overdrafts are presented in minus of cash and cash equivalents (June 30, 2022: - million euro; June 30, 2021: 1 million euro)

1.4 Condensed consolidated statement of changes in equity

in million Euro	Attributable to owners of the Company									Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurement of the net defined benefit liability	Translation reserve	Total		
Balance at January 1, 2021	187	210	1,412	(82)	-	7	(1,122)	(42)	570	51	620
Comprehensive income for the period											
Profit (loss) for the period	-	-	10	-	-	-	-	-	10	(1)	9
Other comprehensive income net of tax	-	-	-	-	2	(3)	79	14	91	2	92
Total other comprehensive income for the period	-	-	10	-	2	(3)	79	14	101	1	102
Transactions with owners recorded directly in equity – changes in ownership											
Dividends	-	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(9)	-	-	-	-	(9)	-	(9)
Cancellation of own shares	-	-	(90)	90	-	-	-	-	-	-	-
Total of transactions with owners recorded directly in equity	-	-	(90)	81	-	-	-	-	(9)	-	(9)
Balance at June 30, 2021	187	210	1,332	(1)	2	3	(1,043)	(28)	662	52	713
Balance at January 1, 2022	187	210	1,284	-	2	(2)	(1,033)	(15)	632	54	685
Comprehensive income for the period											
Profit (loss) for the period	-	-	(21)	-	-	-	-	-	(21)	1	(20)
Other comprehensive income net of tax	-	-	-	-	(2)	(2)	119	31	146	2	147
Total other comprehensive income for the period	-	-	(21)	-	(2)	(2)	119	31	125	2	127
Transactions with owners recorded directly in equity											
Dividends	-	-	-	-	-	-	-	-	-	(5)	(5)
Purchase of own shares	-	-	-	(21)	-	-	-	-	(21)	-	(21)
Cancellation of own shares	-	-	(21)	21	-	-	-	-	-	-	-
Total of transactions with owners recorded directly in equity	-	-	(21)	-	-	-	-	-	(21)	(5)	(26)
Balance at June 30, 2022	187	210	1,242	-	-	(4)	(914)	15	735	51	787

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Within the framework of the share buyback program which was announced in the press release of March 10, 2021, Agfa-Gevaert NV proceeded with the purchase of own shares on the market of Euronext Brussels. The authorization to acquire own shares was granted to the Board of Directors by the Extraordinary General Meeting of Shareholders of May 12, 2020.

Agfa-Gevaert NV has requested a financial intermediary to repurchase Agfa-Gevaert shares for a maximum amount of 50,000,000 Euro on its behalf under the terms of an initial discretionary mandate agreement with validity until March 31, 2022, effective as from April 1, 2021. On March 8, 2022, the Board of Directors decided to extend the 2021 Share Buyback through March 31, 2023 (the 'Extended Share Buyback Program 2021').

Since the beginning of the share buyback program until June 9th, 2022, based on the transaction date, the Agfa-Gevaert Group bought 12,930,662 own shares for a total amount of 49,999,997.30 Euro, representing 7.71% of the total outstanding shares on April 1, 2021. With this announcement, Agfa-Gevaert NV has completed its share buyback program that had started on April 1, 2021.

In the first half-year of 2022, the Group has purchased 5,618,125 own shares for an amount of 21 million Euro. These shares were cancelled in the course of the first half-year of 2022.

At June 30, 2022, the issued capital of the Group amounted to 187 million Euro represented by 154,820,528 fully paid shares. At June 30th, 2022, the Group does not hold any own shares.

1.5 Selected explanatory notes to the condensed consolidated interim financial statements as of June 30, 2022

1. Reporting entity

Agfa-Gevaert NV (the “Company”) is a company domiciled in Belgium. The condensed interim financial statements of the Company as at and for the six months ended June 30, 2022 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates. The consolidated financial statements of the Group as at and for the year ended December 31, 2021 are available on the Company’s website: www.agfa.com.

2. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union up to 30 June 2022. They do not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2021. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 23, 2022.

3. Significant accounting policies

The Group has applied in these condensed consolidated interim financial statements the accounting policies and IFRS standards effective for the closing period June 2022. The accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2021.

Following new standards or amendments to IFRS are effective as from January 1, 2022 but are either not material or do not have a material impact on the Group’s financial statements for the first half year of 2022. It relates to

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

The Group did not take into account standards issued but not yet effective for June 2022.

4. Functional and presentation currency

The condensed consolidated interim 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. Due to the use of rounding, 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.

5. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from estimates.

In preparing the condensed consolidated interim financial statements, the judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2021.

6. Alternative performance measures

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 operating expenses.

During the first half year of 2022 restructuring costs amounted to 10 million Euro and mainly related to employee termination costs. These are comprised in other operating expenses (see note 7).

During the first half year of 2021, restructuring costs amounted to an income of 4 million Euro and mainly related to the reversal of provisions regarding the closure of manufacturing sites in Europe partially offset by employee termination costs. These are comprised in other operating expenses (see note 7).

During the first half year of 2022, non-recurring costs amounted to 14 million Euro and mainly related to costs related to strategic transformation projects and other costs.

During the first half year of 2021 non-recurring costs amounted to 1 million Euro and mainly related to costs related to the strategic transformation projects, partially offset by a gain on the sale of the closed manufacturing site in Leeds UK and a pension settlement in Sweden. The latter are presented other operating income (see note 7).

Reconciliation of adjusted EBIT to results from operating activities

In million Euro	2022	2021
Adjusted EBITDA	51	56
Depreciation & amortization	(17)	(17)
Depreciation right-of-use assets (IFRS 16 impact)	(14)	(14)
Adjusted EBIT	20	24
Restructuring	(10)	4
Non-recurring	(14)	(1)
Results from operating activities	(3)	27

7. Sundry other operating income and expense

The following overview tables provide the content of the other operating income and expenses :

In million Euro	2022	2021
Gains on sale of property, plant & equipment	-	7
Exchange gains and changes in fair value of derivatives	4	4
Settlement gain of Swedish pension plan	-	5
Finance lease income	3	3
Recharges of costs	2	3
Release of personnel accruals of last year	1	2
Sundry	4	2
Total other operating income	14	26

In million Euro	2022	2021
Restructuring expenses /(income)	10	(4)
Exchange gains and changes in fair value of derivatives	4	5
Provisions, bank charges, fees, long term disability charge and other	6	6
Housing expenses	2	3
Total other operating expense	23	10

8. Divested activities

On April 7th 2022, Agfa and ATOS concluded its partnership according to which Atos will accompany Agfa in its digital transformation as announced in Q4, 2021. Atos will provide and manage a major part of Agfa's internal IT services and will support the company's digital journey. As a global imaging technology and IT leader, Agfa has engaged in an ambitious IT transformation program, striving for a simple, agile and future-proof digital organization.

Through this strategic move, Agfa will benefit from Atos' long-lasting expertise to implement an innovative and modern IT landscape, while optimizing its IT cost in all of its countries of operations. Atos will implement first-class solutions, including mainframe services, hosting, workplace management, cloud solutions and network.

Atos' solutions will also include a range of key application-related services and transformational projects aiming at simplifying, standardizing and modernizing the Agfa IT landscape, including harmonization of Agfa's ERP, CRM, HR and digital workplace solutions. By personalizing and significantly enhancing the IT experience for over 7,000 employees of Agfa, Atos will allow them to enjoy the highest level of employee experience in the sector and help them to further innovate for their clients

The partnership had the following effect on the Group's Balance Sheet :

Effect of disposal on the financial position of the Group

in million Euro	2022
Liabilities for post-employment benefit plans	2
Provision	1
Current employee benefits	2
Net liabilities divested	5
Consideration	(5)
Deferred purchase price	(3)
Cash outflow from disposal	(2)

The restructuring provision related to these divested activities amounts to 14 million Euro and was recognized in Q4, 2021. This divestment did not have any other impact to the consolidated financial statements of the Group.

9. Reportable segments

The activities of the Group are grouped into four divisions: Offset Solutions, Digital Print & Chemicals, Radiology Solutions, and Healthcare IT. 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 four divisions as its operating segments. They equal the Groups reportable segments. To allow for a more accurate assessment of the performance of the operating segments, some costs of corporate functions at Group level

(e.g. Investor relations, Corporate Finance, Internal Audit, Innovation Office, ...) are not attributed to the operating segments. These costs are currently reported under 'Corporate Services'.

For the six months ended

in million Euro	Offset Solutions		Digital Print & Chemicals		Radiology Solutions		HealthCare IT		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	388	352	178	154	215	220	112	111	893	836
Adjusted EBIT (*)	13	0	3	6	7	17	6	10	29	33
Segment result (**)	8	2	1	6	5	27	4	10	18	45

(*) Adjusted EBIT is the result from operating activities before restructuring and non-recurring items. Restructuring expenses mainly relate to employee related termination costs, non-recurring items comprise results from the sale of land and buildings, past service costs related to defined benefit obligations, impairment losses and costs related to the transformation of the Agfa-Gevaert Group.

(**) Segment result is the profit from operating activities allocated to a reportable segment

Reconciliation of profit or loss

For the six months ended

in million Euro	2022	2021
Segment result	18	45
Profit (loss) from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(21)	(18)
Results from operating activities	(3)	27
Other unallocated amounts:		
Interest income (expense) – net	(1)	(1)
Other finance income (expense) – net	(9)	(3)
Share of result of equity accounted investees	-	-
Consolidated profit (loss) before income taxes	(13)	23

Reconciliation of Adjusted EBIT

For the six months ended

in million Euro	2022	2021
Segment Adjusted EBIT	29	33
Adjusted EBIT from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(9)	(9)
Adjusted EBIT	20	24
Restructuring	(10)	4
Non-recurring	(14)	(1)
Results from operating activities	(3)	27

The increase in goodwill in June 30, 2022 compared to December 31, 2021 in Digital Print and Chemicals can be explained by the acquisition of INCA (6 million Euro). In the other business segments, the increase in goodwill can be explained by currency exchange rate differences on goodwill amounts expressed in a foreign currency.

The increasing interest rates and inflation rates on the market, have increased the WACC substantially during the second half of 2022. As a result, the Group has tested its goodwill on impairment, taking into account a substantially increased WACC (after tax WACC: 9.66%) based on the existing 5-year plan that was approved by the Board of Directors in the beginning of the year. These tests did not reveal any impairment losses.

12. Proceeds / repayments from borrowings

On March 5, 2021, Agfa-Gevaert NV has closed a three-year multi-currency revolving credit facility of 230 million Euro. This new facility is unsecured and will run until March 2024. However, the agreement provides for an extension of the term of two times one year. The new revolving credit facility will be used for general corporate purposes. The applicable interest rate is Euribor, Libor or its equivalent replacement benchmark rate (Reuters) and a margin. At June 30, 2022 there were no drawdowns under this facility.

In the consolidated statement of cash flows for the half-year ending June 30, 2022, the net change of borrowings amounted to 1 million Euro.

13. Liabilities for post-employment and long-term termination benefit plans

in million Euro	June 30, 2022	Dec 31, 2021
Liability for material countries	587	714
Liability for non-material countries	14	14
Long-term termination benefit plans	7	8
Total liability	608	735
Asset for material countries	(56)	(40)
Total asset	(56)	(40)
Net liability (asset) for material countries	531	674
Net liability (asset) for non- material countries	14	14
Long-term termination benefit plans	7	8
Total net liability (asset)	552	696

For the measurement of its post-employment benefits as at June 30, 2022, the Group has applied the requirements of IAS19 (revised 2011). As per 30 June 2022, actuarial calculations have been performed for the Group's material countries, being Belgium, Germany, UK and US. The calculations are prepared based on roll-forward procedures per plan, i.e. no detailed calculations per member of a plan. The discount rates and inflation rates used for all material countries have been updated and are based on the same methodology as at year-end 2021. All other assumptions among which the demographic assumptions are as per the 2021 year-end. The applied weighted average discount rate is 2.97 % (1.42% at 31 December 2021)

The table below shows the evolution of the net defined benefit liability for material and non-material countries of the Group:

Net defined benefit liability (asset) reconciliation	Material countries Total in Mio			Non-material countries (DB-plans + DC-plans with guaranteed return)	Total
	DB-plans	Belgian DC-plans	Total		
1. Net defined benefit liability (asset) at end of prior period	670	5	674	14	688
2. Defined benefit cost included in P&L	14	12	27	1	28
3. Total remeasurements included in OCI	(129)	(1)	(130)	(1)	(131)
4. Other significant events					-
a. Net transfer in/(out) (including the effect of any business combinations/divestitures)	(2)		(2)		(2)
b. Amounts recognized due to plan combinations					-
5. Cash flows					-
a. Employer contributions	(8)	(12)	(20)	(1)	(21)
b. Employer direct benefit payments	(20)	-	(20)		(20)
c. Employer direct settlement payments					-
6. Credit to reimbursements					-
7. Effect of changes in foreign exchange rates	2	-	2	-	2
8. Net defined benefit liability (asset) as of end of period	528	3	531	13	545

During the first half year of 2022, the decrease in the carrying amount of the net defined benefit obligation for the material countries, being 143 million Euro is mainly explained by the positive impact of 'Remeasurements included in Other Comprehensive Income (OCI)' amounting to 130 million euro, partly compensated by a defined benefit cost included in profit or loss for 27 million Euro, employers contributions and direct benefit payments of 40 million Euro and a translation difference of 2 million Euro.

The 'Remeasurements recognized in OCI' over the first six months ending June 30, 2022 comprise a positive impact of changes in financial assumptions amounting to 290 million Euro and a negative impact in the return on plan assets of 161 million Euro. The defined benefit cost of 27 million Euro comprises a defined benefit cost related to the Belgian DC-plans with return guaranteed by law amounting to 12 million Euro. The Group's employer contributions for the first half year 2022 have been impacted by the aforementioned DC-plans for 12 million Euro.

14. Revenue

in million Euro	6 months ending June 30, 2022	6 months ending June 30, 2021
Revenue from contracts with customers	876	815
Revenue from other sources:		
Cash Flow Hedges	(2)	2
Revenue from other sources: Leasing activities	19	19
Total revenue	893	836

The disaggregation of revenue from contracts with customers at June 30, 2022 as required by IFRS 15 can be presented as follows:

in million Euro	Offset Solutions	Digital Print and Chemicals	Radiology Solutions	Healthcare IT	Total
Geographical region					
Asia/Pacific/Africa	128	54	108	9	299
Europe	172	76	55	34	337
Latin America	26	4	24	4	59
Nafta	61	43	28	66	198
Total revenue by geographical region (destination perspective)	388	177	215	112	893

Revenue by nature					
Revenue from the sale of goods	367	161	168	29	725
Revenue from the sale of services	21	16	47	83	168
Timing of recognition					
Revenue recognized at a point in time	368	163	169	29	728
Revenue recognized over time	20	15	47	83	165

The disaggregation of revenue from contracts with customers at June 30, 2021 can be presented as follows:

in million Euro	Offset Solutions	Digital Print and Chemicals	Radiology Solutions	Healthcare IT	Total
Geographical region					
Asia/Pacific/Africa	129	49	112	11	301
Europe	153	66	59	38	317
Latin America	20	3	20	4	47
Nafta	50	35	29	57	171
Total revenue by geographical region (destination perspective)	352	154	220	111	836
Revenue by nature					
Revenue from the sale of goods	330	141	174	32	677
Revenue from the sale of services	22	13	46	79	159
Timing of recognition					
Revenue recognized at a point in time	331	141	175	32	679
Revenue recognized over time	21	13	45	79	157

15. Net finance costs

For the six months ended June 30, 2022

in million Euro	2022	2021
Interest income on bank deposits	1	1
Interest expense	(1)	(2)
On bank loans	(1)	(2)
Interest income (expense) – net	(1)	(1)
Other finance income	5	6
Other finance expense	(14)	(9)
Other finance income (expense) – net	(9)	(3)
Net finance costs	(9)	(4)

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 fair value of derivative financial instruments hedging non-operating activities; other finance income (expense).

The increase in other finance expenses in the first half-year of 2022 compared to the first half-year of 2021 is explained by an increase of the interest component on non-operating derivatives (2 million Euro) offset by an increase of positive exchange results on non-operating activities (2 million Euro), exchange losses on disposal of a foreign operation to profit and loss (3 million Euro). The half-year results of 2021 comprised 2 million Euro interests to be received related to a tax credit of former years and an impairment loss booked on marketable securities (1 million Euro) as a result of negative interests on short-term investments.

16. Business Combinations

On June 1st 2022, the Agfa Group acquired Inca Digital Printers. The acquisition encompassed the portfolio of existing high speed multi pass printers, including a strong service organization, a newly designed line of single pass printers for several packaging applications as well as a joint development of a customized in-line Print Engine in collaboration with leading corrugator manufacturer BHS Corrugated.

Inca Digital Printers is a Cambridge UK based leading developer and manufacturer of advanced high-speed printing and production technologies for sign & display applications as well as for the rapidly growing digital printing market for packaging. Inca is an ideal partner for Agfa, bringing a complementary portfolio of printing solutions of the highest standard and a strong technological platform to launch robust single pass printing presses for the packaging market.

The acquisition comprised a share-deal of 100% of the shares of two UK based companies, an asset deal of the US business and the purchase of assigned intellectual property.

Intangible assets identified relate to trademarks, being the brandnames INCA and Onset; the technological IP, being the onset multi-pass technology which have both been valued using the relief from royalty method. Technological IP rights will be amortized over a period of 7 years. The brandnames will be amortized over an estimated useful life of 6 years. The acquired 'assigned intellectual property' will be amortized over a period of 10 years.

The goodwill on acquisition (6 million Euro) mainly relates to operating synergies and workforce.

The amounts of revenue of the acquiree from acquisition date amount to 2 million Euro, the net loss amounts to 0,4 million Euro. Acquisition related costs were immaterial.

The gross contractual amount of the receivables acquired amount to 4 million Euro which equals its fair value. There are no acquired receivables at acquisition date for which the contractual cash flows are not expected to be received.

The acquisition had the following effect on the consolidated statement of financial position and the consolidated statement of cash flows:

in million Euro	6 months 2022
	Inca Digital Printers
Intangibles with Finite Useful life	
<i>Tradenames</i>	1
<i>Assigned Intellectual Property</i>	19
<i>Acquired technology</i>	3
Property, plant and equipment	1
Right-of-use assets	5
Inventories	16
Trade receivables	4
Contract assets	3
Trade payables	(3)
Contract liabilities	(3)
Other tax receivables	5
Other current assets	1
Other tax liabilities	(5)
Cash and cash equivalents	10
Lease liabilities	(5)
Deferred Tax Liability	(1)
Total identifiable net assets acquired	51
Goodwill amount recognised	6
Consideration paid / Net cash outflow	57
Cash acquired	(10)
Net cash outflow for acquisitions	48

17. Contingencies

There were no significant changes in contingencies as those disclosed in the consolidated financial statements of the Group as at and for the year ended December 31, 2021.

18. Related party transactions

Transactions with Directors and members of the Executive Management

For the six months ended June 30, 2022 there are compared to last year no significant changes in the ordinary compensation of the Executive Management and other key management personnel.

As of June 30, 2022 there were no loans outstanding to members of the Executive Management nor to members of the Board of Directors.

Other related party transactions

Transactions with related companies are mainly trade transactions and are priced at arm's length.

Non-controlling interests have a material interest in nine subsidiaries of the Group in greater China and the ASEAN region (June 30, 2022: 49 million Euro, December 31, 2021: 48 million Euro). In Europe, there are two subsidiaries in which non-controlling interests have an interest that is of minor importance to the Group (June 30, 2022: 2 million Euro, December 31, 2021: 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. Agfa Graphics Asia established a few year ago Agfa HuaGuang (Shanghai) Graphics, in which the new business partner Lucky HuaGuang Graphics Co. Ltd participates for 49%. This strategic alliance allows both business partners to realize growth through optimization of their respective strengths in the field of manufacturing, technology and distribution of graphics prepress products and services.

The subsidiaries of Agfa Graphics Asia Ltd. At June 30, 2022 are

- Agfa (Wuxi) Printing Plate Co. Ltd.
- Agfa ASEAN Sdn. Bhd.
- Agfa Imaging (Shenzhen) Co. Ltd.
- Agfa Singapore Pte. Ltd.
- Agfa Taiwan Co Ltd.
- Agfa Graphics Shanghai Co., Ltd
- Agfa Pty Ltd.
- OOO Agfa Graphics
- Agfa Huaguang (shanghai) Graphics

Based on the current governance structure, the Group has determined that it has control over these subsidiaries. At June 30, 2022, 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 49 million Euro. The profit allocated to non-controlling interests of these business partners amounts to 1 million Euro for the 6 months ending June 2022.

The following table summarizes the transaction values and the outstanding balances between the Group and Shenzhen Brother Gao Deng Investment Group Co, Ltd.:

in million Euro	June 2022		June 2021	
	Transaction values	Balances outstanding	Transaction values	Balances outstanding
Sales of goods and services to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	7	5	12	1
Sales to Lucky HuaGuang Graphics Co., Ltd	3	2	6	3
Purchase of goods from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	34	1	34	2
Purchases from Lucky HuaGuang Graphics Co., Ltd	85	71	91	55
Dividends	5	-	-	-
Prepayment	-	9	-	12

Prepayments with an outstanding balance of 9 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 on future film volumes supplied to Agfa Graphics Asia Ltd. The outstanding amount of 9 million Euro is recognized in Other assets. The other prepayment was settled with the purchase of aluminum.

19. Financial instruments

Financial instruments include a broad range of financial assets and liabilities. They include both primary financial instruments such as cash, receivables, debt and shares in another entity and derivative financial instruments.

Financial assets have decreased with 198 million Euro, from 832 million Euro at 31 December 2021 to 634 million Euro at 30 June 2022. This evolution is mainly attributable to a decrease in cash and cash equivalents by 207 million Euro from 398 million Euro at 31 December 2021 to 191 million at 30 June 2022.

At the liability side, the carrying amount of financial instruments have increased by 29 million Euro from 335 million Euro at 31 December 2021 to 364 million Euro at 30 June 2022 which is mainly explained by the evolution of the trade payables that have increased with 19 million euro. Other liabilities reflected in the column 'Mandatory at fair value through profit or loss (FVTPL)' relate to a deposit of 3,4 ton silver placed with a metal recovery and refining company valued at quoted market price and valued at fair value (June 30, 2022: 2 million Euro; December 31, 2021: 2 million Euro).

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 calculated using observable forward exchange rates and yield curve data at reporting date. The fair value of swap agreements is calculated as the present value of the estimated future cash flows based on quoted swap rates.

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 receivables under finance lease is not disclosed in accordance with IFRS 7.

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 for the current bank liabilities approximates nominal amounts excluding transaction costs, as drawdowns are made for short periods.

The table on the following page shows the carrying amounts and fair values of financial assets and liabilities by category and a reconciliation to the corresponding line items in the statements of financial position.

in million Euro	June 30, 2022							Fair Value
	Carrying amount							
	Fair value – hedging instruments	Mandatorily at FVTPL - Others		FVOCI – equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	
Fair Value Hierarchy	(2)	(2)	(3)	(1)				
Assets								
Other financial assets	-	-	-	5	1	-	6	6
Trade receivables	-	-	-	-	333	-	333*	
Receivables under finance lease	-	-	-	-	93	-	93*	
Other receivables	-	-	-	-	7	-	7*	
Derivative Financial instruments:								
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-
Swap contracts used for hedging	-	-	-	-	-	-	-	-
Other forward exchange contracts	-	1	-	-	-	-	1	1
Other swap contracts	-	3	-	-	-	-	3	3
Cash and cash equivalents	-	-	-	-	191	-	191	191
Total assets	-	4	-	5	625	-	634	-
Liabilities								
Loans and borrowings								
Revolving credit facility	-	-	-	-	-	(1)	(1)**	
Other bank liabilities	-	-	-	-	-	4	4	4
Bank overdrafts	-	-	-	-	-	-	-	
Lease liabilities	-	-	-	-	-	68	68*	
Trade payables	-	-	-	-	-	271	271*	
Other payables	-	2	-***	-	-	10	12*	
Derivative Financial instruments:								
Swap contracts used for hedging	-	-	-	-	-	-	-	-
Forward exchange contracts used for hedging	4	-	-	-	-	-	4	4
Other forward exchange contracts	-	-	-	-	-	-	-	-
Other swap contracts	-	6	-	-	-	-	6	6
Total liabilities	4	8	-	-	-	352	364	-

Fair Value hierarchy:

(1) Fair value hierarchy 1 means that 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 the 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

* The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade and other payables as the carrying amounts of these assets and liabilities is a reasonable approximation of fair value.

** Transaction costs are included in the initial measurement of the financial liability (1 million euro)

*** Related 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).

in million Euro	December 31, 2021							
	Carrying amount							Fair Value
	Fair value – hedging instruments	Mandatorily at FVTPL - Others		FVOCI – equity instruments	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	
Fair Value Hierarchy	(2)	(2)	(3)	(1)				
Assets								
Financial assets	-	-	-	7	4	-	10	10
Trade receivables	-	-	-	-	319	-	319*	
Receivables under finance lease	-	-	-	-	100	-	100*	
Other receivables	-	-	-	-	4	-	4*	
Derivative Financial instruments:								
Forward exchange contracts used for hedging	-	-	-	-	-	-	-	-
Swap contracts used for hedging	-	-	-	-	-	-	-	-
Other forward exchange contracts	-	-	-	-	-	-	-	-
Other swap contracts	-	1	-	-	-	-	1	1
Cash and cash equivalents	-	-	-	-	398	-	398	398
Total assets	-	1	-	7	825	-	832	-
Liabilities								
Loans and borrowings								
Revolving credit facility	-	-	-	-	-	(1)	(1)**	
Bank overdrafts	-	-	-	-	-	-	-	
Other bank liabilities	-	-	-	-	-	3	3	3
Lease liabilities	-	-	-	-	-	70	70*	
Trade payables	-	-	-	-	-	252	252*	
Other payables	-	2	-***	-	-	7	9*	
Derivative Financial instruments:								
Forward exchange contracts used for hedging	1	-	-	-	-	-	1	1
Swap contracts used for hedging	-	-	-	-	-	-	-	-
Other forward exchange contracts	-	1	-	-	-	-	1	1
Other forward exchange contracts	-	-	-	-	-	-	-	-
Total liabilities	1	3	-	-	-	331	335	-

Fair Value hierarchy:

(1) Fair value hierarchy 1 means that 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 the 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

* The Group has not separately disclosed the fair value of trade and other receivables and the fair value of trade and other payables as the carrying amounts of these assets and liabilities is a reasonable approximation of fair value.

** Transaction costs are included in the initial measurement of the financial liability (1 million euro)

*** Related 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).

20. Subsequent events

There are no subsequent events.

Addendum

The information provided in this addendum forms an integral part of the Condensed consolidated interim financial statements as of June 30, 2022. It has not been subject to a review of KPMG Bedrijfsrevisoren.

AGFA-GEVAERT GROUP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME for the second quarter ending June 2022 / June 2021

Condensed consolidated statement of profit or loss

in million Euro	Q2 ending June 30, 2022	Q2 ending June 30, 2021
Revenue	469	441
Cost of sales	(332)	(305)
Gross profit	137	135
Selling expenses	(62)	(58)
Research and development expenses	(24)	(24)
Administrative expenses	(42)	(40)
Impairment loss on trade and other receivables, including contract assets, net amount	-	-
Other operating income	7	12
Other operating expenses	(13)	2
Result from operating activities	2	28
Interest income (expense) – net	-	-
Interest income	1	-
Interest expense	(1)	(1)
Other finance income (expense) – net	-	(3)
Other finance income	(2)	2
Other finance expense	(9)	(4)
Net finance costs	(11)	(3)
Profit (loss) before income tax	(9)	25
Income tax expense	(4)	(9)
Profit (loss) for the period	(13)	15
Profit (loss) for the period	(13)	15
Profit attributable to:		
Owners of the Company	(17)	15
Non-controlling interests	4	-

Condensed consolidated statement of comprehensive income

In million Euro	Q2 ending June 30, 2022	Q2 ending June 30, 2021
Profit (Loss) for the period	(13)	15
Other comprehensive income, net of tax		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>	22	2
Exchange differences:	24	2
Exchange differences on translation of foreign operations	24	2
Cash flow hedges:	(2)	-
Effective portion of changes in fair value of cash flow hedges	(3)	3
Change in fair value of cash flow hedges reclassified to profit or loss	1	(1)
Adjustments for amounts transferred to initial carrying amount of hedged items	-	(2)
Income taxes	-	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>	117	80
Equity investments at fair value through OCI – change in fair value	(2)	1
Remeasurements of the net defined benefit liability	130	82
Income tax on remeasurement of the net defined benefit liability	(11)	(3)
Total other comprehensive income for the period net of tax	138	81
Total comprehensive income for the period attributable to :	125	97
Owners of the Company	120	96
Non-controlling interests	5	-