CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2020

The condensed interim financial statements as of June 30, 2020 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, 2020	December 31, 2019
ASSETS			
Non-current assets		**748**	**1,060**
Goodwill	10	276	492
Intangible assets		22	74
Property, plant and equipment		127	142
Right-of-use assets		84	110
Investments in associates		-	4
Other financial assets	18	6	8
Trade receivables	18	17	21
Receivables under finance lease	18	76	62
Other assets		20	24
Deferred tax assets		121	125
Current assets		**1,811**	**1,234**
Inventories		496	436
Trade receivables	18	305	408
Contract Assets		65	100
Current income tax assets		68	75
Other tax receivables		28	25
Receivables under finance lease		19	34
Other receivables	18	19	15
Other assets		25	21
Derivative financial instruments	18	3	1
Cash and cash equivalents	18	776	107
Non-current assets held for sale		9	10
Total assets		**2,560**	**2,294**
Equity		**782**	**130**
Equity attributable to owners of the Company		***735***	***83***
Share capital		187	187
Share premium		210	210
Retained Earnings		1,467	803
Other reserves		-82	-84
Translation reserve		-23	-5
Post-employment benefits: remeasurements of the net defined benefit liability		-1,024	-1,028
Non-controlling interests		***47***	***47***

Condensed consolidated statement of financial position (continued)

in million Euro	Note	June 30, 2020	December 31, 2019
Non-current liabilities		**1,148**	**1,402**
Liabilities for post-employment and long-term termination benefit plans	12	1,064	1,137
Other employee benefits		12	12
Loans and borrowings	18	60	225
Provisions		5	5
Deferred tax liabilities		4	19
Trade payables	18	2	2
Contract Liabilities		-	1
Other liabilities		1	1
Current liabilities		**629**	**761**
Loans and borrowings	18	39	101
Provisions		62	45
Trade payables	18	219	232
Contract Liabilities		122	151
Current income tax liabilities		30	49
Other tax liabilities		29	38
Other payables	18	6	9
Employee benefits		119	130
Other liabilities		2	1
Derivative financial instruments	18	2	5
Total equity and liabilities		**2,560**	**2,294**

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, 2020	6 months ending June 30, 2019
Continuing operations			
Revenue	**13**	**832**	**959**
Cost of sales		-577	-663
Gross profit		**255**	**295**
Selling expenses		-114	-137
Research and development expenses		-46	-51
Administrative expenses		-71	-78
Net impairment loss on trade and other receivables, including contract assets		-2	-3
Operating exchange variances		-3	-1
Other operating income		7	22
Other operating expenses	7	-52	-24
Result from operating activities	**7**	**-26**	**23**
Interest income (expense) – net		*-3*	*-3*
Interest income	14	1	-
Interest expense	14	-3	-4
Other finance income (expense) – net		*-13*	*-14*
Other finance income	14	4	4
Other finance expense	14	-17	-18
Net finance costs		**-16**	**-18**
Share of profit of associates – net of tax		**-**	**-**
Profit (loss) before income tax	**9**	**-43**	**5**
Income tax expense		-7	-9
Profit (loss) for continuing operations		**-49**	**-3**
Profit (loss) from discontinued operations, net of tax		**719**	**15**
Profit (loss) for the period		**670**	**12**
Profit (loss) attributable to:			
Owners of the Company		668	11
Non-controlling interests		1	1
EPS from continuing operations		-0,30	-0.02
EPS from discontinuing operations		4,29	0,09

The notes on pages 8 to 27 are integral part of these consolidated condensed interim financial statements

Condensed consolidated statement of comprehensive income

in million Euro		6 months ending June 30, 2020	6 months ending June 30, 2019
Profit (loss) for the period from continuing operations		**-49**	**-3**
Profit (loss) for the period from discontinuing operations		**719**	**15**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:		**-16**	**12**
Exchange differences:		*-19*	*7*
Exchange differences on translation of foreign operations		-19	7
Cash flow hedges:		*3*	*5*
Effective portion of changes in fair value of cash flow hedges		-2	-4
Change in fair value of cash flow hedges reclassified to profit or loss		1	2
Adjustment for amounts transferred to initial carrying amount of hedged item		5	7
Income taxes		-	-
Items that will not be reclassified subsequently to profit or loss:		**-1**	**1**
Equity investments at fair value through OCI – change in fair value		-1	1
Remeasurements of the net defined benefit liability		-	-
Income taxes on remeasurement of the net defined benefit liability		-	-
Total other comprehensive income for the period, net of tax:		**-17**	**13**
Total comprehensive income for the period from continuing operations		**-67**	**10**
Total comprehensive income from discontinuing operations		**719**	**15**
attributable to:			
Owners of the Company (continuing operations)		-67	9
Non-controlling interests (continuing operations)		-	1
Owners of the Company (discontinuing operations)		719	15
Non-controlling interests (discontinuing operations)		-	-

The condensed consolidated statement of comprehensive income for the current interim period (second quarter ending June 30, 2020) 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.

1.3 Condensed consolidated statement of cash flows

In million Euro	Note	6 months ending June 30, 2020	6 months ending June 30, 2019
Profit (loss) for the period		**670**	**12**
Income taxes		-	14
Share of (profit)/loss of associates – net of tax		-	-
Net finance costs		17	20
Operating result		**687**	**46**
Adjustments for:			
Depreciation, amortization		21	28
Depreciation right-of-use assets		17	19
Impairment losses		1	-
Impairment losses right-of-use assets		-1	4
Other non-cash expenses			
Exchange results and changes in fair value of derivatives		-2	3
Recycling of hedge reserve		1	2
Government grants and subsidies		-4	-6
Losses on the sale of intangible assets and PPE		-1	-
Result on disposal of discontinued operations	8	-701	-
Expenses for defined benefit plans and long-term termination benefits		15	22
Accrued expenses for personnel commitments		42	41
Write-downs / reversal of write-downs on inventories		5	8
Impairment losses / reversal of impairment losses on receivables		2	3
Additions / reversals of provisions		40	8
Changes in:			
Inventories		-70	-31
Trade receivables		54	26
Contract assets		-8	-13
Trade payables		8	6
Contract liabilities		39	18
Other working capital		-11	-7
Cash out for employee benefits		-110	-137
Cash out for provisions		-14	-18
Changes in lease portfolio		-	1
Cash settled operating derivatives		-4	-9
Cash generated from operating activities		**8**	**15**
Income taxes paid		-10	-9
Net cash from (used in) operating activities		**-2**	**6**
Capital expenditure		-14	-17
Proceeds from sale of intangible assets & PPE		3	3
Acquisition of subsidiary, net of cash acquired	15	-1	-10
Disposal of discontinued operations, net of cash disposed of	8	914	-
Interest received		1	1
Dividends received		-	-
Net cash from (used in) investing activities		**903**	**-23**

Condensed consolidated statement of cash flows (continued)

in million Euro		6 months ending June 30, 2020	6 months ending June 30, 2019
Interests paid		-4	-9
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	11	57	100
Repayment of borrowings	11	-246	-109
Payment of lease liabilities		-19	-21
Proceeds/(payments) of derivatives		-4	-1
Other financing income (costs) incurred		-5	-2
Net cash from (used in) financing activities		**-220**	**-42**
Net increase (decrease) in cash and cash equivalents		**681**	**-59**
Cash and cash equivalents at 1 January		99	136
Effect of exchange rate fluctuations on cash held		-5	-1
Net increase (decrease) in cash and cash equivalents		681	-59
Cash and cash equivalents at 30 June		775*	76*

*Bank overdrafts are presented in minus of cash and cash equivalents (June 30, 2020 : - million euro; June 30, 2019 : 9 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, 2019	187	210	854	-82	1	-12	-897	-9	252	38	290
Comprehensive income for the period											
Profit (loss) for the period	-	-	11	-	-	-	-	-	11	1	12
Other comprehensive income net of tax	-	-	-	-	1	5	-	7	13	-	13
Total comprehensive income for the period	-	-	11	-	1	5	-	7	24	1	25
Transactions with owners recorded directly in equity – changes in ownership											
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer of business to NCI without loss of control	-	-	2	-	-	-	-	-3	-1	1	-
Establishment of subsidiary with NCI	-	-	-	-	-	-	-	-	-	2	2
Total of transactions with owners recorded directly in equity	-	-	2	-	-	-	-	-3	-1	3	2
Balance at June 30, 2019	187	210	867	-82	2	-7	-897	-6	275	43	318
Balance at January 1, 2020	187	210	803	-82	1	-3	-1,028	-5	83	47	130
Comprehensive income for the period											
Profit (loss) for the period	-	-	668	-	-	-	-	-	668	1	670
Other comprehensive income net of tax	-	-	-	-	-1	3	-	-18	-16	-1	-17
Total comprehensive income for the period	-	-	668	-	-1	3	-	-18	652	-	652
Transactions with owners recorded directly in equity -changes in ownership											
Dividends	-	-	-	-	-	-	-	-	-	-	-
Reclass of remeasurements on the defined benefit liability related to entities divested	-	-	-4	-	-	-	4	-	-	-	-
Total of transactions with owners recorded directly in equity	-	-	-4	-	-	-	4	-	-	-	-
Balance at June 30, 2020	187	210	1,467	-82	-	-	-1,024	-23	735	47	782

The notes on pages 8 to 27 are integral part of these consolidated condensed interim financial statements

1.5 Selected explanatory notes to the condensed consolidated interim financial statements as of June 30, 2020

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, 2020 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, 2019 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 2020. 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, 2019. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 25, 2020.

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 2020.

Following new standards or amendments to IFRS are effective as from January 1, 2020 but are either not material or do not have a material impact on the Group's financial statements for the first half year of 2020. It relates to: amendments to the conceptual framework in IFRS standards, amendments to IFRS 3 Business Combinations, Amendments to IAS 1 and IAS8 Definition of Material, amendments to IFRS9, IAS 39 and IFRS7 Interest Rate Benchmark Reform.

The Group did not take into account standards issued but not yet effective for June 2020.

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, 2019.

6. Going concern

In the course of Q1 2020 a global COVID-19 pandemic occurred. The duration and intensity of the impact of this pandemic and resulting disruption of 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 this pandemic as very significant for the coming quarters of 2020, depending on the length and depth of the restrictions. In the medium term, most activities of the Group will fully recover from the disruption caused by COVID-19 and even benefit from post-COVID opportunities and market developments. However, this is not the case for the activities in the offset industry.

The impact for Agfa's business in its two main domains, the healthcare sector and the printing industry is indeed 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 face the situation. Therefore, the HealthCare IT and Radiology Solutions divisions continued to show resilience in the current uncertain global economic conditions.

In the remaining HealthCare IT business, some hospitals are postponing large IT investments while other projects proceed faster than planned as they support hospitals in their fight against COVID-19. While COVID-19 temporarily influences Agfa's relevant markets, the outlook for value creation in the Company' Imaging IT solutions business remains strongly positive.

In the Radiology Solutions division, the Direct Radiology range's sales temporarily stalled following strong growth in the first quarter. Due to the COVID-19 pandemic, care organizations postponed their investments in large-scale DR X-ray rooms while many hospitals continued to invest in mobile DR solutions. The top line of the Computed Radiology range continued to decline, partly market-driven and partly due to COVID-19 related effects. Continuing the trend that started in the first quarter, many private practices in India, Latin America and other geographies are postponing their investments in CR-equipment. Except for the activities in China, the hardcopy product range continued to be impacted by COVID-19. Due to the outbreak, hospital visits not related to COVID-19 were postponed, resulting in a lower demand for hardcopy film. During the COVID-19 pandemic, Radiology Solutions' main focus is to ensure business continuity and providing efficient services.

For the printing industry, the pandemic causes a decrease in advertising and commercial activities, leading to lower print volumes and a lower demand for printing plates. Mainly in the printing industry, a significant COVID-19 impact is still to be expected in the coming quarters. The Group's activities in this industry will continue to be negatively impacted over the medium term. Management is taking different measures to deal with the consequences of the strong impact of the COVID-19 pandemic on top of the structural decline of the offset markets. In order to cope with this situation, Agfa is reviewing its offset business model, simplifying its organization, streamlining its product offering and reviewing its services earning model as well as adapting its production capacity.

Management strongly believes that the reflection in the results, financial position and cash flow of the implications of the COVID-19 pandemic together with the offset market deterioration and the implementation of mitigating actions will not cause any issue regarding the going concern of the Company.

7. 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 2020, restructuring costs amounted to 43 million Euro and are mainly related to the closure of two factories in France and Leeds, UK (38 million Euro) and employee related termination costs. Faced with a significant and structural decline in demand in the extremely competitive offset printing market, Agfa has to optimize its printing plate manufacturing capacity by adjusting it to the changing market conditions. The decline in demand is characterized by a strong drop in printing plate volumes and substantial price erosion. Both plants produce Agfa’s Thermofuse printing plates. The market demand for this product declines even more substantially than for most other Agfa printing plates. Unfortunately, the market forecasts do not suggest any improvement in the years to come. These costs are shown in other operating expenses. The increase in other operating expense in the first half year of 2020 compared to the comparative period of 2019 relates to the increase in restructuring expenses.

During the first half year of 2019, restructuring costs amounted to 12 million and are mainly employee related termination costs. These costs are shown in other operating expenses.

During the first half year of 2020, non-recurring items amount to 6 million Euro and mainly relate to costs related to strategic transformation projects and other costs. During the first half of 2019, non-recurring items amount to 3 million euro and mainly relate to strategic transformation projects related costs (1 million Euro), moving costs (1 million Euro) and lawyer costs.

Reconciliation of adjusted EBIT to results from operating activities

in million Euro	2020	2019
Adjusted EBITDA from continuing operations	**55**	**77**
Depreciation & amortization on intangible operations	17	23
Depreciation right-of-use assets (IFRS 16 impact)	15	15
Adjusted EBIT from continuing operations	**23**	**39**
Restructuring	**-43**	**-12**
Non-recurring	**-6**	**-3**
Results from operating activities	**-26**	**23**

8. Discontinued operations

Divestment 2020

On May 4th, 2020, the Agfa-Gevaert Group has successfully completed the sale of part of Agfa HealthCare's IT business to the Dedalus Group at an enterprise value of 975 million Euro, subject to working capital and net debt adjustments.

The part that has been sold consists of the Healthcare Information Solutions activities (Electronic Health Record, the ORBIS platform) and the Integrated Care activities in Germany, Austria, Switzerland, France and Brazil as well as the Imaging IT activities to the extent that these activities are tightly integrated into the Healthcare Information Solutions activities in these geographies.

In North America and all other international markets, Agfa HealthCare pursues its Imaging IT software business, which is not included in the sale. Based on the flagship Enterprise Imaging platform and the IMPAX solutions, Agfa HealthCare will continue to deliver superior value to its Imaging IT customers.

The sale of this business is a major step in Agfa's transformation process. Given the uncertainty of the current economic context, at this point in time we choose to use the majority of the proceeds of the sale to secure the future of our company, to further execute the strategies of our divisions and to address long term liabilities. Part of the proceeds of the sale will be used to increase the funding ratio of the Company's funded pension plans in Belgium, the UK and the USA. This will significantly decrease the future pension cash-outs.

This business was according to IFRS 5 not classified as held for sale as not all conditions stipulated by IFRS 5 were met at December 31, 2019 and at March 31, 2020. The disposal group was not available for immediate sale in its present condition as there were still major disentanglement steps to be performed in the second quarter of 2020. The condensed consolidated statement of profit or loss and OCI has been re-presented to show the discontinued operation separately from continuing operations. The profit from discontinued operations –net of tax is fully attributable to owners of the company.

Result of discontinued operation

in million Euro	4 months 2020	6 months 2019
Revenue	87	129
Cost of sales	-42	-61
Gross profit	**45**	**68**
Selling expenses	**-9**	**-14**
Research and development expenses	**-17**	**-21**
Administrative expenses	**-6**	**-9**
Net impairment loss on trade and other receivables, including contract assets	**-**	**-**
Other operating expenses	**-1**	**-1**
Other operating income	**-**	**-**
Results from operating activities	**12**	**23**
Interest income (expense) - net	**-**	**-1**
Other finance income (expense)-net	**-1**	**-1**
Income tax expense	**7**	**-5**
Profit (loss) from operating activities - net of tax	**18**	**15**
Gain on the sale of discontinued operations	**701**	**-**
Income tax on gain on sale of discontinued operations	**-**	**-**
Profit (loss) from discontinued operations –net of tax	**719**	**15**

Effect of disposal on the financial position of the Group

in million Euro	2020
Goodwill	-210
Intangible assets	-47
Property, plant and equipment	-11
Right-of-use assets	-22
Investments in associates	-3
Deferred tax assets	-12
Inventories	-2
Trade receivables	-38
Contract assets	-41
Current income tax assets	-4
Other current assets	-2
Cash and cash equivalents	-6
Liabilities for post-employment benefit plans	14
Non-current lease liabilities	16
Deferred tax liabilities	12
Current lease liabilities	7
Provision	9
Trade payables	12
Contract liabilities	66
Current income tax liabilities	16
Other tax liabilities	8
Current employee benefits	18
Total identified net assets divested	-220
Consideration received	948
Deferred purchase price	1
Directly attributable costs	-27
Gain on disposal	**701**
Cash inflow from disposal net of cash disposed of and net of directly attributable costs	**914**

The net cash flows attributable to the operating, investing and financing activities of discontinued operations will be provided in the annual report of 2020.

Divestment 2019

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

The table below shows the results and cash flows from discontinued operations:

Result of discontinued operation

in million Euro	6 months 2019
Revenue	27
Cost of sales	-21
Gross profit	**6**
Selling expenses	-7
Research and development expenses	-
Administrative expenses	-
Net impairment loss on trade and other receivables, including contract assets	-
Other operating expenses	-
Other operating income	-
Results from operating activities	**-1**
Interest income (expense) - net	-
Other finance income (expense)-net	-
Profit (loss) before income taxes	**-1**
Income tax expense	-
Profit (loss) from operating activities - net of tax	**-**

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 divestment of part of the Healthcare IT business has had a major impact on the net assets of the reportable segment The impact is shown in note 8 ‘Discontinued operations’.

The Group’s management has identified the aforementioned four divisions as its operating segments. They equal the Groups reportable segments. The reportable segments were significantly impacted by the divestment of part of the HealthCare IT business (see note 8 Discontinued operations)

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from continuing operations	342	406	141	181	231	251	117	120	832	958
Adjusted EBIT from continuing operations(*)	-9	-	2	18	28	29	10	-	31	47
Segment result from continuing operations (**)	-52	-2	2	14	26	25	10	-4	-14	33

(*) 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	2020	2019
Segment result	-14	33
Profit (loss) from operating activities not allocated to a reportable segment: mainly related to ‘Corporate Services’	-13	-9
Results from operating activities	**-26**	**23**
Other unallocated amounts:		
Interest income (expense) – net	-3	-3
Other finance income (expense) – net	-13	-14
Share of result of equity accounted investees	-	-
Consolidated profit (loss) before income taxes	**-43**	**5**

Reconciliation of Adjusted EBIT

For the six months ended

in million Euro	2020	2019
Segment Adjusted EBIT	31	47
Adjusted EBIT from operating activities not allocated to a reportable segment: mainly related to ‘Corporate Services’	-8	-9
Adjusted EBIT	**23**	**39**
Restructuring	**-43**	**-12**
Non-recurring	**-6**	**-3**
Results from operating activities	**-26**	**23**

10. Impairment testing of goodwill and intangible assets with indefinite useful life

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually and upon the occurrence of an indication of impairment.

For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU). The Group has identified its operating segments as cash-generating units.

Following goodwill and intangible assets are allocated to the cash generated units at June 2020 and December 2019:

in million Euro	Offset Solutions		Digital Print & Chemicals		Radiology Solutions		HealthCare IT		Total	
	June 2020	Dec 2019	June 2020	Dec 2019	June 2020	Dec 2019	June 2020	Dec 2019	June 2020	Dec 2019
Goodwill	-	-	-	-	67	67	210	425	276	492
Intangible assets with indefinite useful life	-	-	-	-	-	-	-	13	-	13

In 2019, the Group recognized an impairment loss on goodwill related to the CGU Offset Solutions amounting to 31 million Euro. The calculated value in use of this CGU was, based on the assumptions used, lower than its carrying amount.

In the course of 2020, the Group divested part of its IT business to Dedalus Holding. As such the goodwill decreased with 210 million (see note on discontinued operations). Intangibles with an indefinite useful life were divested as well.

At June 30, 2020 there were no indications for impairment for the remaining goodwill. During the fourth quarter of 2020 – the timing Group's management has chosen to perform its annual impairment tests – formal impairment tests will be performed. In testing the goodwill for impairment, the carrying value of the assets of these CGU's will be compared with their recoverable amount. Recoverable amounts of the CGU's will generally be based upon a value in use calculation using the updated long-term business plans.

11. Proceeds / repayments from borrowings

In the consolidated statement of cash flows, the net change of borrowings amounts to 189 million euro at June 30, 2020. Proceeds from borrowings amount to 57 million euro and are related to an increase of the revolving credit facility (50 million euro) in the first quarter of 2020 and an increase in liabilities to banks (7 million euro) also in the first quarter of 2020. In the second quarter of 2020 the proceeds of selling part of the IT business were partly used to repay the financial liabilities. Repayments from borrowings amount to 245 million euro in the second quarter of 2020, being a repayment of the revolving credit facility (200 million euro) and a repayment of liabilities to banks (45 million euro).

In the consolidated statement of cash flows, the repayment of borrowings amounts to 109 million euro at June 30, 2019 and can be explained by the repayment of part of the revolving credit facility (60 million Euro) during the first quarter of 2019, the repayment of the Agfa Bond (42 million Euro) during the second quarter of 2019 and the repayment of the EIB loan (6 million euro). The repayment of the Agfa Bond and the negative operating cash flow during the second quarter of 2019 mainly explains the increase of the revolving credit facility (80 million Euro) in related quarter.

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

in million Euro	June 30, 2020	Dec 31, 2019
Net liability for material countries	1,016	1,079
Net liability for non-material countries	40	46
Long-term termination benefit plans	9	12
Total net liability	**1,064**	**1,137**

For the measurement of its post-employment benefits as at June 30, 2020, the Group has applied the requirements of IAS19 (revised 2011).

During the first half year of 2020, the decrease in the carrying amount of the defined benefit obligation for the material countries, being 63 million Euro is explained by a defined benefit cost included in profit or loss of 22 million Euro, employer contributions and benefits paid directly by the Company amounting to 72 million Euro, a divestment of IT related pension liabilities related to material countries amounting to 6 million euro, the remaining difference is explained by translation differences (6 million Euro). The defined benefit cost of 22 million Euro comprises a defined benefit cost related to the Belgian DC-plans with return guaranteed by law amounting to 2 million Euro. The Group's employer contributions for the first half year 2020 have been impacted by the aforementioned DC-plans for the same amount. Compared to the first half year 2019 the cash out related to Belgian DC-plans has decreased with 10 million Euro due to a postponement of a bonus pay-out.

As per 30 June 2020, no actuarial calculations have been performed. Detailed calculations are only performed at year-end. Therefore, in order to understand the Group's sensitivity to the evolution of the discount rates – in general the most decisive factor for the height of the net pension liability – we refer to the Annual Report 2019, disclosure note 13 'Post-employment Benefit Plans' to the Consolidated Financial Statements.

13. Revenue

in million Euro	6 months ending June 30, 2020	6 months ending June 30, 2019
Revenue from contracts with customers	833	961
Revenue from other sources : Cash Flow Hedges	-1	-2
Total revenue	**832**	**959**

The disaggregation of revenue from contracts with customers at June 30, 2020 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	119	46	118	12	295
Europe	151	57	63	34	305
Latin America	19	2	19	3	43
Nafta	52	36	32	68	189
Total revenue by geographical region (destination perspective)	**342**	**141**	**232**	**117**	**832**
Revenue by nature					
Revenue from the sale of goods	320	129	184	32	665
Revenue from the sale of services	23	12	48	85	168
Timing of recognition					
Revenue recognized at a point in time	323	131	184	32	670
Revenue recognized over time	19	11	48	85	163

The disaggregation of revenue from contracts with customers at June 30, 2019 can be presented as follows:

in million Euro	Offset Solutions	Digital Print and Chemicals	Radiology Solutions	Healthcare IT	Total
Geographical region					
Asia/Pacific/Africa	108	52	125	11	296
Europe	195	75	66	38	374
Latin America	30	6	26	4	65
Nafta	74	48	34	67	224
Total revenue by geographical region (destination perspective)	**407**	**181**	**251**	**120**	**959**

14. Net finance costs

For the six months ended June 30, 2020

in million Euro	2020	2019
Interest income on bank deposits	1	1
Interest expense	-3	-4
On bank loans	-3	-2
On EIB loan	-	-
On debentures	-	-2
Interest income (expense) – net	**-3**	**-3**
Other finance income	4	4
Other finance expense	-17	-18
Other finance income (expense) – net	**-13**	**-14**
Net finance costs	**-16**	**-18**

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).

15. Business Combinations

During 2020, the cash out related to business combinations amounts to 1 million Euro and is related to the agreement with the distributors of hardcopy film in China, a business combination that took place gradually over 2018 and 2019.

The cash out for business acquisition during the first half of 2019, amounted to 10 million Euro, 8 million related to the IPAGSA acquisition, 1 million euro related to the agreement with distributors of hardcopy film in China and 1 million earn-out related to a 2017 acquisition of Bodoni.

The table below show the cash outflow by acquisition in the first half year of 2019 and 2020, the identifiable assets and liabilities assumed and the amount of goodwill recognized.

	6 months 2019				6 months 2020	
in million Euro	IPAGSA	Agreement with distributors of hardcopy film in China	BODONI SYSTEMS LTD	Total	Agreement with distributors of hardcopy film in China	Total
Intangibles with Finite Useful life						
Customer relationships		5		5		
Deferred Tax Liability		-1		-1		
Evolution of deferred consideration liability	8	-4	2	6	1	1
Goodwill amount recognised		1		1		
Consideration paid / Net cash outflow	**-8**	**-1**	**-1**	**-10**	**-1**	**-1**
Gain on remeasurement of deferred contingent consideration			**-1**			

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- **<u>Agreement with distributors of hardcopy film in China</u>**

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 acquires 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 will take place gradually by geographical area based on the volumes transferred.

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 Haoyi Medical Equipment Co. Ltd., Ruifeng International development Co Ltd. , Chengguang Trading Co Ltd., three leading distributors of hardcopy film in China.

The goodwill on acquisition mainly relates to operating synergies and workforce. Customer relationships acquired are amortized over 5 years.

- **<u>IPAGSA</u>**

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.

16. <u>Contingencies</u>

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, 2019.

17. Related party transactions

Transactions with Directors and members of the Executive Management

For the six months ended June 30, 2020 there are compared to last year no significant changes in the ordinary compensation of the Executive Management and other key management personnel.

In the first half year 2020, the members of Executive Management were entitled to a special bonus related to key projects (the divestment of part of the HealthCare IT-business to Dedalus and the further development of the strategic partnership with Lucky). More information will be provided in the Remuneration Report of the Group for 2020.

Additionally, due to the leave of an executive member in June 2020, a severance payment accrued for in June has been paid in July. General information on the stipulations in the contracts with the different members of the Executive Management are disclosed in the Remuneration Report of the Group for 2019 (included in Annual Report 2019).

As of February 1, 2020 Pascal Juéry became the new CEO of Agfa-Gevaert. He succeeded Christian Reinaudo who continues to support the Company as member of the Board of Directors. The remuneration of Pascal Juéry comprises of a fix and a variable remuneration, a long-term variable compensation as well as a compensation for incurred travel- and representation costs. Compared to his predecessor, a considerable shift from fixed to variable compensation was set. More information about the annual remuneration of the CEO is provided in the Remuneration Report of the Group for 2019.

As of June 30, 2020 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, 2020: 46 million Euro, December 31, 2019: 46 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, 2020: 1 million Euro, December 31, 2019: 1 million Euro).

In greater China and the ASEAN region, the Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing the market position in the greater China and the 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. Also in 2019, Agfa Graphics Asia established a new company, Agfa HuaGuang (Shanghai) Graphics Ltd, in which Licky HuaGuang Graphics Co Ltd. holds a stake of 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.

The subsidiaries of Agfa Graphics Asia Ltd. At June 30, 2020 are

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

Based on the current governance structure, the Group has determined that it has control over these subsidiaries. At June 30, 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 1 million Euro for the 6 months ending June 2020.

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

	June 2020		June 2019	
in million Euro	Transaction values	Balances outstanding	Transaction values	Balances outstanding
Sales of goods and services to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	12	-	11	5
Sales to Lucky HuaGuang Graphics Co., Ltd	4	2	-	-
Purchase of goods from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	33	2	4	1
Purchases from Lucky HuaGuang Graphics Co., Ltd	34	38	-	-
Dividends	-	-	-	-
Prepayment	-	32	-	23

Prepayments with an outstanding balance of 32 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 aluminium is bought. One advance is amortized based on upon future film volumes supplied to Agfa Graphics Asia Ltd. The outstanding amount of 19 million Euro is recognized in Other assets. The remaining outstanding amount of 13 million Euro will be settled with the future purchase of aluminum.

18. <u>Financial instruments</u>

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 increased with 565 million Euro, from 656 million Euro at 31 December 2019 to 1,221 million Euro at 30 June 2020. This evolution is mainly attributable to an increase in cash and cash equivalents by 668 million Euro from 107 million Euro at 31 December 2019 to 776 million at 30 June 2020 and to a decrease in trade receivables by 107 million Euro, from 429 million Euro at 31 December 2019 to 322 million Euro at 30 June 2020.

At the liability side, the carrying amount of financial instruments have decreased by 246 million Euro from 574 million Euro at 31 December 2019 to 328 million Euro at 30 June 2020 which is mainly explained by the evolution in ‘Loans and borrowings’ that have decreased with 227 million euro. Other liabilities reflected in the column ‘Mandatory at fair value through profit or loss (FVTPL)’ relate to contingent considerations from business combinations (June 30, 2020: - million Euro; December 31, 2019: 2 million Euro) and a financial liability valued at fair value (June 30, 2020: 2 million Euro; December 31, 2019 : 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 valued 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 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 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, 2020							
	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								
Other financial assets	-	-	-	5	1	-	6	**6**
Trade receivables	-	-	-	-	322	-	322*	**-**
Receivables under finance lease	-	-	-	-	95	-	95*	**-**
Other receivables	-	-	-	-	19	-	19*	**-**
Derivative Financial instruments:								
Forward exchange contracts used for hedging	2	-	-	-	-	-	2	**2**
Swap contracts used for hedging	-	-	-	-	-	-	-	**-**
Other forward exchange contracts	-	1	-	-	-	-	1	**1**
Other swap contracts	-	1	-	-	-	-	1	**1**
Cash and cash equivalents	-	-	-	-	776	-	776	**776**
Total assets	**2**	**1**	**-**	**5**	**1,213**	**-**	**1,221**	**-**
Liabilities								
Loans and borrowings								
Revolving credit facility	-	-	-	-	-	-	-**	**-**
Other bank liabilities	-	-	-	-	-	14	14	**14**
Bank overdrafts	-	-	-	-	-	-	-	**-**
Lease liabilities	-	-	-	-	-	85	85	**85**
Debenture	-	-	-	-	-	-	-	**-**
Trade payables	-	-	-	-	-	221	221*	**-**
Other payables	-	2	-***	-	-	4*	6	**-**
Derivative Financial instruments:								
Swap contracts used for hedging	1	-	-	-	-	-	1	**1**
Forward exchange contracts used for hedging	1	-	-	-	-	-	1	**1**
Other forward exchange contracts	-	-	-	-	-	-	-	**-**
Total liabilities	**2**	**2**	**-**	**-**	**-**	**324**	**328**	**-**

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 (- 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, 2019							
	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								
Other financial assets	-	-	-	6	2	-	8	8
Trade receivables	-	-	-	-	429	-	429*	-
Receivables under finance lease	-	-	-	-	97	-	97*	-
Other receivables	-	-	-	-	15	-	15*	-
Derivative Financial Instruments:								
Other forward exchange contracts	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	107	-	107	107
Total assets	-	-	-	6	650	-	656	-
Liabilities								
Loans and Borrowings								
Revolving credit facility	-	-	-	-	-	149	149	150**
Other bank liabilities	-	-	-	-	-	56	56	56
Bank overdrafts	-	-	-	-	-	9	9	9
Lease liabilities	-	-	-	-	-	112	112	112
Trade payables	-	-	-	-	-	234	234*	-
Other payables	-	2	2***	-	-	5	9*	-
Derivative Fanancial Instruments:								
Forward exchange 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 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).

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

Balance at December 31, 2019	**2**
Assumed in a business combination	-
Gains included in finance income- net change in fair value (unrealized)	-
Amounts paid during 2020	-1
Balance at June 30, 2020	**-**

19. 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, 2020. 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 2020 / June 2019

Condensed consolidated statement of profit or loss

in million Euro	Q2 ending June 30, 2020	Q2 ending June 30, 2019
Revenue	**396**	**497**
Cost of sales	-276	-341
Gross profit	**120**	**157**
Selling expenses	-51	-68
Research and development expenses	-22	-24
Administrative expenses	-34	-38
Operating exchange variances	-	-2
Impairment loss on trade and other receivables, including contract assets, net amount	-1	-2
Other operating income	4	12
Other operating expenses	-47	-15
Result from operating activities	**-32**	**19**
Interest income (expense) – net	**-1**	**-1**
Interest income	-	-
Interest expense	-1	-1
Other finance income (expense) – net	**-8**	**-7**
Other finance income	1	2
Other finance expense	-9	-8
Net finance costs	**-9**	**-8**
Profit (loss) before income tax	**-41**	**11**
Income tax expense	-5	-3
Profit (loss) for the period from continuing operations	**-45**	**8**
Profit (loss) for the period from discontinuing operations, net of tax	**713**	**8**
Profit (loss) for the period	**668**	**15**
Profit attributable to:		
Owners of the Company	666	15
Non-controlling interests	2	1

Condensed consolidated statement of comprehensive income

In million Euro	**Q2 ending June 30, 2020**	**Q2 ending June 30, 2019**
Profit for the period from continuing operations	**-45**	**8**
Profit for the period from discontinuing operations	**713**	**8**
Other comprehensive income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:	4	-2
Exchange differences:	*-2*	*-2*
Exchange differences on translation of foreign operations	-2	-2
Exchange differences on disposal of foreign operations reclassified to profit or loss	-	-
Exchange differences on net investment hedge	-	-
Income tax on exchange differences on net investment hedge	-	-
Cash flow hedges:	*6*	-
Effective portion of changes in fair value of cash flow hedges	4	-5
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	5
Income taxes	-	-
Items that will not be reclassified subsequently to profit or loss:	2	-
Equity investments at fair value through OCI – change in fair value	1	-
Remeasurements of the net defined benefit liability	1	-
Income tax on remeasurement of the net defined benefit liability	-	-
Total other comprehensive income for the period net of tax	6	-2
Total comprehensive income for the period from continuing operations	-40	5
Total comprehensive income for the period from discontinuing operations	713	8
attributable to:		
Owners of the Company from continuing operations	-40	6
Non-controlling interests from continuing operations	-	-1
Owners of the Company from discontinuing operations	713	8
Non-controlling interests from discontinuing operations	-	-