CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2019

The condensed interim financial statements as of June 30, 2019 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 30,2019	December 31, 2018
ASSETS			
Non-current assets		**1,139**	**1,019**
Goodwill	7	524	523
Intangible assets		92	93
Property, plant and equipment		169	174
Right-of-use assets		113	-
Investments in associates		4	4
Other financial assets	16	10	9
Trade receivables	16	16	16
Receivables under finance lease	16	71	62
Other assets		23	24
Deferred tax assets		117	114
Current assets		**1,286**	**1,348**
Inventories		529	498
Trade receivables	16	392	420
Contract Assets		119	105
Current income tax assets		68	71
Other tax receivables		16	25
Receivables under finance lease		20	30
Other receivables	16	14	14
Other assets		33	34
Derivative financial instruments	16	1	1
Cash and cash equivalents	16	85	141
Non-current assets held for sale		10	10
Total assets		**2,426**	**2,367**
EQUITY AND LIABILITIES			
Equity		**318**	**290**
Equity attributable to owners of the Company		***275***	***252***
Share capital		187	187
Share premium		210	210
Retained Earnings		867	854
Other reserves		(87)	(93)
Translation reserve		(6)	(9)
Post-employment benefits: remeasurements of the net defined benefit liability		(897)	(897)
Non-controlling interests		***43***	***38***
Non-current liabilities		**1,381**	**1,336**
Liabilities for post-employment and long-term termination benefit plans	9	1,020	1,066
Other employee benefits		12	13
Loans and borrowings	16	319	219
Provisions		7	9
Deferred tax liabilities		21	22
Trade payables	16	-	2
Contract Liabilities		1	3
Other liabilities		1	2

The Group has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach.
Under this approach, comparative information is not restated.
There has been no impact to retained earnings of initially applying IFRS 16 at the date of initial application. See also note 3

The notes on pages 6 to 21 are integral part of these consolidated condensed interim financial statements

1.1 Condensed consolidated statement of financial position (*continued)*

In million Euro	**Note**	**June 30,2019**	**Dec. 31, 2018**
Current liabilities		**727**	**740**
Loans and borrowings	16	77	66
Provisions		45	52
Trade payables	16	216	217
Contract Liabilities		183	163
Current income tax liabilities		43	47
Other tax liabilities		18	27
Other payables	16	16	17
Employee benefits		115	134
Other liabilities		4	4
Derivative financial instruments	16	9	13
Total Equity and Liabilities		**2,426**	**2,367**

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

In million Euro	**Note**	**6 months ending June 30, 2019**	**6 months ending June 30, 2018**
Condensed consolidated statement of profit or loss			
Revenue	**10**	**1,115**	**1,108**
Cost of sales		(745)	(750)
Gross profit		**369**	**358**
Selling expenses		(158)	(161)
Research and development expenses		(72)	(73)
Administrative expenses		(87)	(86)
Net impairment loss on trade and other receivables, including contract assets		(3)	(1)
Other operating income		25	34
Other operating expenses		(29)	(25)
Result from operating activities	**6**	**46**	**46**
Interest income (expense) – net		***(4)***	***(3)***
Interest income	11	1	1
Interest expense	11	(5)	(4)
Other finance income (expense) – net		***(16)***	***(17)***
Other finance income	11	4	3
Other finance expense	11	(20)	(20)
Net finance costs		**(20)**	**(20)**
Share of profit of associates – net of tax		**-**	**-**
Profit (loss) before income tax	**6**	**26**	**26**
Income tax expense		(14)	(13)
Profit (loss) for the period		**12**	**13**
Profit (loss) attributable to:			
Owners of the Company		11	10
Non-controlling interests		1	3
EPS		0.07	0.06

The Group has initially applied IFRS 16 at January 1, 2019, using the modified retrospective approach.
Under this approach, comparative information is not restated.
There has been no impact to retained earnings of initially applying IFRS 16 at the date of initial application. See also note 3

The notes on pages 6 to 21 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 *(continued)*

Condensed consolidated statement of comprehensive income

In million Euro	**Note**	**6 months ending June 30, 2019**	**6 months ending June 30, 2018**
Profit (loss) for the period		**12**	**13**
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences:		***7***	***(1)***
Exchange differences on translation of foreign operations		7	(1)
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:		***5***	***(11)***
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		2	(5)
Adjustment for amounts transferred to initial carrying amount of hedged item		7	(5)
Income taxes		-	4
Items that will not be reclassified subsequently to profit or loss:			
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		-	(1)
Total other comprehensive income for the period, net of tax :		**13**	**(14)**
Total comprehensive income for the period		**25**	**(1)**
attributable to:			
Owners of the Company		24	(5)
Non-controlling interests		1	4

The condensed consolidated statement of comprehensive income for the current interim period (second quarter ending June 30, 2019) 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, 2019**	**6 months ending June 30, 2018**
Profit (loss) for the period		**12**	**13**
Income taxes		14	13
Share of (profit)/loss of associates – net of tax		-	-
Net finance costs		20	20
Operating result		**46**	**46**
Adjustments for:			
Depreciation, amortization and impairment losses		28	27
Depreciation right-of-use assets		19	-
Impairment losses right-of-use assets *		4	-
Other non-cash expenses			
Exchange results and changes in fair value of derivatives		3	1
Recycling of hedge reserve		2	-
Government grants and subsidies		(6)	(6)
Losses on the sale of intangible assets and PPE		-	(4)
Expenses for defined benefit plans and long-term termination benefits		22	12
Accrued expenses for personnel commitments		41	52
Write-downs / reversal of write-downs on inventories		8	7
Impairment losses / reversal of impairment losses on receivables		3	1
Additions / reversals of provisions		8	6
Changes in:			
Inventories		(31)	(56)
Trade receivables		26	33
Contract assets		(13)	(16)
Trade payables		6	4
Contract liabilities		18	23
Other working capital		(7)	(1)
Cash out for employee benefits		(137)	(101)
Cash out for provisions		(18)	(14)
Changes in lease portfolio		1	(9)
Cash settled operating derivatives		(9)	-
Cash generated from operating activities		**15**	**6**
Income taxes paid		(9)	(10)
Net cash from (used in) operating activities		**6**	**(4)**
Capital expenditure		(17)	(22)
Proceeds from sale of intangible assets & PPE		3	7
Acquisition of subsidiary, net of cash acquired	12	(10)	(13)
Interest received		1	1
Dividends received		-	-
Net cash from (used in) investing activities		**(23)**	**(27)**
Interests paid		(9)	(6)
Dividends paid to non-controlling interests		-	-
Proceeds from borrowings	8	100	63
Repayment of borrowings	8	(109)	(7)
Payment of lease liabilities		(21)	-
Proceeds/(payments) of derivatives		(1)	6
Other financing income (costs) incurred		(2)	(1)
Other financial flows			-
Net cash from (used in) financing activities		**(42)**	**55**

** partially offset by 3 million Euro reversal of provision for onerous rent*

The notes on pages 6 to 21 are integral part of these consolidated condensed interim financial statements

Condensed consolidated statement of cash flows (continued)

In million Euro	6 months ending June 30, 2019	6 months ending June 30, 2018
Net increase (decrease) in cash and cash equivalents	**(59)**	**24**
Cash and cash equivalents at 1 January	136	67
Effect of exchange rate fluctuations on cash held	(1)	(4)
Net increase (decrease) in cash and cash equivalents	(59)	24
Cash and cash equivalents at 30 June	76*	87*

*Bank overdrafts are presented in minus of cash and cash equivalents (June 30 2019 : 9 million euro; June 30 2018 : 2 million euro)

The Group has initially applied IFRS 16 at January 1 2019, using the modified retrospective approach.
Under this approach, comparative information is not restated. See also note 3

1.4 Condensed consolidated statement of changes in equity

In million Euro	Attributable to owners of the Company										
	Share capital	Share premium	Retained earnings	Reserve for own shares	Revaluation reserve	Hedging reserve	Remeasurement of the net defined benefit liability	Translation reserve	Total	Non-controlling interests	Total equity
Balance at January 1, 2018	**187**	**210**	**878**	**(82)**	**3**	**10**	**(923)**	**(8)**	**275**	**32**	**307**
Comprehensive income for the period											
Profit (loss) for the period	-	-	10	-	-	-	-	-	10	3	13
Other comprehensive income net of tax	-	-	-	-	(1)	(11)	(1)	(2)	(15)	1	(14)
Total comprehensive income for the period	**-**	**-**	**10**	**-**	**(1)**	**(11)**	(1)	**(2)**	**(5)**	**4**	**(1)**
Transactions with owners recorded directly in equity											
Dividends	-	-	-	-	-	-	-	-	-	-	-
Total of transactions with owners recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at June 30, 2018	**187**	**210**	**888**	**(82)**	**2**	**(1)**	**(924)**	**(10)**	**270**	**36**	**306**
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'											
Transfer of business to of 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**

1.5 Selected explanatory notes to the condensed consolidated interim financial statements as of June 30, 2019

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, 2019 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, 2018 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 2019. 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, 2018. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 27, 2019.

3. Significant accounting policies

Except as described below, the Group has applied in these condensed consolidated interim financial statements the same accounting policies as those applied in the consolidated financial statements as at and for the year ended December 31, 2018.

The Group has initially adopted IFRS 16 *Leases* as from January 1, 2019.

IFRS 16 replaces following standard and interpretations: IAS 17 *Leases,* IFRIC4 *Determining whether an arrangement contains a lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the substance of transactions involving the legal form of a lease*.

IFRS 16 *Leases* makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a single, on-balance sheet accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The new standard foresees in optional exemptions for short-term leases (< 12 months) and leases of low value items (value of leased item when new < 5.000 USD). The Group has elected to apply these exemptions. Furthermore, the Group applies the practical expedient of including non-lease components in the measurement of the lease liability.

For lessors, there is little change to the previous leasing standard IAS 17: lessors continue to classify leases as finance or operating leases.

On transition to this new standard, the Group has applied the modified retrospective approach, which implies that no comparative prior year information is restated.

Under the modified retrospective approach, following options have been applied:

- For leases previously classified as operating leases under the previous IAS 17, the Group as lessee has measured a lease liability at January 1, 2019 as the present value of the remaining lease payments. The discount rate applied is the lessee's incremental borrowing rate at that date.
- At January 1, 2019 the balance of right-of-use assets equals the amount of the lease liability, except for certain adjustments such as prepaid or accrued lease payments recognized immediately before the date of initial application and provisions for onerous rent. At January 1, 2019, provisions for

onerous rent existing at year-end 2018 have been reversed and recognized as impairment losses on right-of-use assets.

- Group has not recognized initial direct costs as part of the right-of-use asset at January 1, 2019.
- On transition to IFRS 16, a company can elect either to apply the new lease definition to existing contracts, or to grandfather the assessment of which existing contracts are leases and to apply the new lease definition only to contracts that are entered into or changed after transition. The Group has elected to apply the new lease definition to all contracts, both existing contracts on transition date and new contracts concluded after transition.
- Upon date of initial application, for leases for which the lease term ends within 12 months of the date of initial application, the Group has elected to account for those leases in the same way as for short-term leases.

Initial and subsequent measurement of lease liability and right-of use asset

The **lease liability** is initially calculated as the Net Present Value (NPV) of remaining lease payments (lease and non-lease components) at January 1, 2019 applying lessee's incremental borrowing rate. The discount rate applied to measure the lease liability is the lessee's incremental borrowing rate as the rate implicit in the lease is often not readily available. The Group determines an incremental borrowing rate per country – to reflect differences in economic environment; and per maturity bucket – to reflect differences in lease term.

The incremental borrowing rate is calculated as the government bond yield (source: Reuters) increased by a risk premium depending on country risk (source: OECD) and updated bi-annually.

Subsequently, the lease liability evolves in a degressive way as the interest expense on the outstanding lease liability decreases.

The **right-of use asset** is initially measured at (quasi) the same amount as the lease liability, and subsequently decreases in a linear way (straight-line depreciation over lease term).

Impact assessment on key financials

Statement of financial position: Increase in leverage due to recognition of lease liabilities previously – under IAS 17 - off balance sheet. Increase of assets (non-current) by requiring the recognition of right-of-use assets, for the same amount as the lease liabilities per January 1, 2019 (for the Group: 127 million Euro)

Profit or loss statement: increase in Adjusted EBITDA due to shift of expenses from above Adjusted EBITDA (operating lease expenses under IAS 17) to below Adjusted EBITDA (depreciation right-of use asset and interest expense on lease liability). Impact on net result is expected to be neutral over time, but negatively impacted in first years due to front-loading of expenses (interest expenses on lease liability higher at start). The impact on the Group's consolidated Profit or loss statement:

- Impact as per June 30 2019 on Adjusted EBITDA: increase of 20 million Euro. Estimated full year impact increase of 40 million Euro.
- Impact as per June 30, 2019 on Adjusted EBIT*: increase of 1 million Euro. The impact on Adjusted EBIT for full year 2019 is estimated at 2 million Euro increase.
- Impact on net result as per June 30, 2019: decrease of net result (1) million Euro. Estimated full year impact on net result is a decrease of (1) million Euro.

Cash flow statement: neutral at total cash flow level. Improvement in 'Cash generated from operating activities' offsetting deterioration in 'Net cash from financing activities'. The impact on the Group's consolidated cash flow statement:

- A shift between 'Net cash from operating activities' (for the 6 months ending June 30, 2019 +21 million Euro) and 'Net cash from financing activities' (for the 6 months ending June 30, 2019 -21 million Euro).

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, 2018.

6. Reportable segments

In 2019, the activities of the Group have been regrouped into four divisions: Offset Solutions (the offset business of the former Agfa Graphics business group), Digital Print & Chemicals (the inkjet business of the former Agfa Graphics business group and the activities of the former Agfa Specialty Products business group), Radiology Solutions (the imaging activities of the former Agfa HealthCare business group), and Healthcare IT (the IT activities of the former Agfa HealthCare business group). This divisional structure is technology and solutions based and will allow the business to seek future partnerships.

The Group's management has identified the aforementioned 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 no longer attributed to the operating segments. These costs are currently reported under 'Corporate Services'.

To allow comparison, the data for the six months ended June 30, 2018 have been restated for the new divisional structure as well as for the new treatment of corporate costs.

For the six months ended June 30

In million Euro	**Offset Solutions**		**Digital Print & Chemicals**		**Radiology Solutions**		**HealthCare IT**		**Total**	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	406	427	208	194	251	246	249	241	1,115	1,108
Adjusted EBIT (*)	-	14	17	11	29	27	23	15	70	68
Segment result (**)	(2)	11	14	10	25	23	19	10	55	54

(*) 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 June 30	
In million Euro	2019	2018
Segment result	55	54
Profit (loss) from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(9)	(8)
Results from operating activities	**46**	**46**
Other unallocated amounts:		
Interest income (expense) – net	(4)	(3)
Other finance income (expense) – net	(16)	(17)
Share of result of equity accounted investees	-	-
Consolidated profit (loss) before income taxes	**26**	**26**

Reconciliation of Adjusted EBIT	For the six months ended June 30	
In million Euro	2019	2018
Segment Adjusted EBIT	70	68
Adjusted EBIT from operating activities not allocated to a reportable segment: mainly related to 'Corporate Services'	(9)	(8)
Adjusted EBIT	**61**	**60**
Restructuring	**(12)**	**(6)**
Non-recurring	**(3)**	**(7)**
Results from operating activities	**46**	**46**

7. 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. In 2019, the Group has revised its operating segments and consequently also its cash-generating units: Offset Solutions, Digital Print & Chemicals, Radiology Solutions and HealthCare IT. More information as to the content of new operating segments are disclosed in note 6.

At June 30, 2019 there were no indications for impairment. During the fourth quarter of 2019 – 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.

8. Proceeds / repayments from borrowings

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.

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

In million Euro	June 30, 2019	Dec.31, 2018
Net liability for material countries	964	1,006
Net liability for non-material countries	40	40
Long-term termination benefit plans	15	20
Total net liability	**1,020**	**1,066**

For the measurement of its post-employment benefits as at June 30, 2019, the Group has applied the requirements of IAS19 (revised 2011).

During the first half year of 2019, the evolution in the carrying amount of the defined benefit obligation for the material countries, being 42 million Euro is explained by a defined benefit cost included in profit or loss of 33 million Euro, employer contributions and benefits paid directly by the Company amounting to 76 million Euro, the remaining difference is explained by translation differences (1 million Euro). The defined benefit cost of 33 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 2019 have been impacted by the aforementioned DC-plans for the same amount.

As per 30 June 2019, 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 2018, disclosure note 25 'Employee Benefits' to the Consolidated Financial Statements.

10. Revenue

In Million Euro	6 months ending June 30, 2019	6 months ending June 30, 2018
Revenue from contracts with customers	1,117	1,103
Revenue from other sources :		
Cash Flow Hedges	(2)	5
Total revenue	**1,115**	**1,108**

The disaggregation of revenue from contracts with customers at June 30, 2019 as required by IFRS 15 can be presented as follows:

IN MILLION EURO	**Offset Solutions**	**Digital Print and Chemicals**	**Radiology Solutions**	**Healthcare IT**
Geographical region				
Asia/Pacific/Africa	108	52	125	11
Europe	195	75	62	162
Latin America	28	6	26	8
Nafta	74	75	38	67
Total revenue by geographical region (destination perspective)	406	208	251	249
Revenue by nature				
Revenue from the sale of goods	387	192	199	67
Revenue from the sale of services	24	13	51	180
Timing of recognition				
Revenue recognized at a point in time	387	192	199	67
Revenue recognized over time	24	13	51	180

11. Net finance costs

For the six months ended June 30

In million Euro	2019	2018
Interest income on bank deposits	*1*	*1*
Interest expense	*(5)*	*(4)*
On bank loans	(3)	(2)
On EIB loan	-	(1)
On debentures	(2)	(1)
Interest income (expense) – net	**(4)**	**(3)**
Other finance income	4	3
Other finance expense	(20)	(20)
Other finance income (expense) – net	**(16)**	**(17)**
Net finance costs	**(20)**	**(20)**

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).

12. Business Combinations

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.

- **Inovelan SA**

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

The purchase price amounted to 9.5 million Euro, of which 0.7 million Euro will be paid over the coming 2 years based on EBIT achievements of the company acquired. Identifiable assets and liabilities are measured at their acquisition-date fair values.

Identifiable assets and liabilities assumed are as follows:

IN MILLION EURO	INOVELAN SA
Acquired Technology	2
Customer relationships	1
Trade Receivables	1
Contract Assets	1
Cash	1
Contract liabilities	(1)
Financial debt	(1)
Deferred tax liability	(1)
Total identifiable net assets acquired	**3**

Acquired technology and contractual customer relationships are amortized over a period of 5 years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model. A goodwill amount of 6 million Euro was recognized as a result of the acquisition and is calculated as follows:

IN MILLION EURO	INOVELAN SA
Total consideration transferred	9
Fair Value of the identifiable net assets	(3)
Goodwill amount recognized	**6**

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

- **Agreement with distributors of hardcopy film in China**

In the second quarter of 2018, in the framework of the reorganization of Agfa's hardcopy distribution channels in China the Group has integrated in its own organization, the business of distribution and maintenance of Agfa products in China from Ningbo Hongtai Medical Equipment Limited, a leading distributor of hardcopy film in China. The Group 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 over a period that started in the first quarter of 2018 and ending by June 2019.

The purchase price of the business transfer that took place in 2018 and during the first half year of 2019 amounted to 6 million Euro, i.e. 5 million Euro paid during 2018 and 1 million Euro paid during 2019. During 2019 and 2020, another 4 million Euro will be paid based on the volumes transferred by geographical area.

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 purchase price paid during 2018 amounted to 11 million Euro. During the second half of 2019 another 2 million Euro will be paid.
Identifiable assets and liabilities assumed are as follows:

IN MILLION EURO	**Ningbo Hongtai Medical Equipment Limited**	**Ningbo Haoyi Medical Equipment Co Ltd., Ruifeng International development Co Ltd., Chengguang Trading Co Ltd.**
Customer relationships acquired	10	11
Total Identifiable net assets acquired	**10**	**11**

Customer relationships acquired are amortized over a period of 5 years.

A goodwill amount amount of 1 million euro has been recognized as a result of the acquisition and has been calculated as follows :

IN MILLION EURO	**Ningbo Hongtai Medical Equipment Limited**	**Ningbo Haoyi Medical Equipment Co Ltd., Ruifeng Internaional development Co Ltd., Chengguang Trading Co Ltd.**
Total consideration	10	13
Fair Value of the identifiable net assets	(10)	(11)
Goodwill amount recognized	**-**	**1**

The goodwill on acquisition mainly relates to operating synergies and workforce.

- **<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.

Identifiable assets and liabilities are as follows :

IN MILLION EURO	**IPAGSA**
Customer relationships acquired	4
Tradenames	1
Inventory	8
Deferred tax liability	(1)
Total Identifiable net assets acquired	**12**

Acquired contractual customer relationships and tradenames are amortized over a period of 5 years. The fair value of the intangible assets acquired has been determined using a discounted cash flow model.

A goodwill amount of 1 million Euro was recognized as a result of the acquisition and is calculated as follows :

IN MILLION EURO	**IPAGSA**
Total consideration	13
Fair Value of the identifiable net assets	(12)
Goodwill amount recognized	**1**

The goodwill on acquisition mainly relates to operating synergies and workforce.

13. Unusual items affecting the condensed interim financial statements

There are no unusual items that have affected the condensed interim financial statements as at and for the six months ended June 30, 2019.

14. 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, 2018.

15. Related party transactions

Transactions with Directors and members of the Executive Management

For the six months ended June 30, 2019 there are compared to last year no significant changes in the compensation of key management personnel.

As of June 30, 2019 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 eight subsidiaries of the Group in greater China and the ASEAN region (June 30, 2019: 42 million Euro, December 31, 2018: 37 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, 2019: 1 million Euro, December 31, 2018: 1 million Euro).

In greater China and the ASEAN region, the Group and its business partner Shenzhen Brother Gao Deng Investment Group Co., Ltd. combined as of 2010 their activities aiming at reinforcing the market position in the greater China and the Asian region. Shenzhen Brother Gao Deng Investment Group Co., Ltd. has a 49% stake in Agfa Graphics Asia Ltd., the holding company of the combined operations of both parties.

During 2019, the Group has transferred two subsidiaries to Agfa Graphics Asia Ltd, the holding company of the combined operations, which increased the non –controlling interests with 1 million Euro. In 2019, Agfa Graphics Asia has established a new company, Agfa Huaguang (shanghai) Graphics, in which Lucky Huaguang Graphics Co Ltd has a 49% stake, which increased the non-controlling interest by 2 million Euro.

The subsidiaries of Agfa Graphics Asia Ltd. At June 30, 2019 are

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

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 42 million Euro. The profit allocated to non-controlling interests of these business partners amounts to 1 million Euro for the 6 months ending June 2019.

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

	June 2019		**June 2018**	
Million Euro	Transaction values	Balances outstanding	Transaction values	Balances outstanding
Sales of goods and services to Shenzhen Brother Gao Deng Investment Group Co., Ltd.	11	5	11	9
Purchase of goods from Shenzhen Brother Gao Deng Investment Group Co., Ltd.	15	1	4	-
Dividends	-	-	-	-
Prepayment	-	23	-	-

The 23 million Euro outstanding balance is a supplier advance (originally 25 million Euro or 200 million CNY) against a company of the Shenzhen Brother Gao Deng Group for whose account the film conversion takes place. The advance is amortized based upon future film volumes supplied to Agfa Graphics Asia Ltd. In the statement of financial position of the Group this advance is presented as Other assets (17 million Euro non-current and 6 million Euro current).

16. 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 by 84 million Euro, from 693 million Euro at 31 December 2018 to 609 million Euro at 30 June 2019. This evolution is mainly attributable to a decrease in cash and cash equivalents from 141 million Euro at 31 December 2018 to 85 million at 30 June 2019 and to a decrease in trade receivables by 28 million Euro, from 436 million Euro at 31 December 2018 to 408 million Euro at 30 June 2019, and.

At the liability side, the carrying amount of financial instruments have increased by 103 million Euro from 534 million Euro at 31 December 2018 to 637 million Euro at 30 June 2019 which is mainly explained by the evolution in 'Loans and borrowings', more specifically the lease liabilities that have been introduced with the new IFRS 16 Leases. Other liabilities reflected in the column 'Mandatory at fair value through profit or loss (FVTPL)' relate to contingent considerations that have arisen from business combinations (June 30, 2019: 9 million Euro; December 31, 2018: 8 million Euro) and a financial liability valued at fair value (June 30, 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 following table 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, 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	-	-	-	8	2	-	10	**10**
Trade receivables	-	-	-	-	408	-	408*	
Receivables under finance lease	-	-	-	-	91	-	91*	
Other receivables	-	-	-	-	14	-	14*	
Derivative Financial instruments:								
- Forward exchange contracts used for hedging	1	-	-	-	-	-	1	**1**
- Swap contracts used for Hedging	-	-	-	-	-	-	-	**-**
- Other forward exchange contracts	-	-	-	-	-	-	-	**-**
- Other swap contracts	-	-	-	-	-	-	-	**-**
Cash and cash equivalents	-			-	85	-	85	**85**
Total assets	**1**			**8**	**600**	**-**	**609**	
Liabilities								
Loans and Borrowings								
Revolving credit facility	-	-	-	-	-	239	239**	**240**
Other bank liabilities	-	-	-	-	-	31	31	**31**
Bank overdrafts	-	-	-	-	-	9	9	**9**
Lease Liabilities	-	-	-	-	-	117	117	**117**
Debenture	-	-	-	-	-	-	-	**-**
Trade payables	-	-	-	-	-	216	216 *	
Other payables	-	2	9 ***	-	-	5*	16	
***Derivative Financial instruments*:**								
- Swap contracts used for hedging	7	-	-	-	-	-	7	**7**
- Forward exchange contracts used for hedging	1	-	-	-	-	-	1	**1**
-Other Forward Exchange contracts	-	-	-	-	-	-	-	**-**
Total liabilities	**8**	**2**	**9**	**-**	**-**	**617**	**636**	

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)
*** The fair value of the contingent consideration from business combinations (9 million euro) reported as other payables 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, 2018							
	Carrying amount							Fair Value
	Fair value hedging instruments	Mandatory 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	-	-	-	7	2	-	9	**9**
Trade receivables	-	-	-	-	436	-	436*	
Receivables under finance lease	-	-	-	-	92	-	92*	
Other receivables	-	-	-	-	14	-	14 *	
Derivative Financial instruments:								
- Other forward exchange contracts	-	1	-	-	-	-	1	**1**
Cash and cash equivalents	-	-	-	-	141	-	141	**141**
Total assets	**-**	**1**	**-**	**7**	**685**	**-**	**693**	
Liabilities								
Loans and Borrowings								
Revolving credit facility	-	-	-	-	-	219	219	**220****
EIB Loan	-	-	-	-	-	6	6	**6**
Other bank liabilities	-	-	-	-	-	13	13	**13**
Bank overdafts	-	-	-	-	-	5	5	**5**
Debenture						42	42	**43**
Trade payables	-	-	-	-	-	219	219*	
Other payables	-	-	7 ***	-	-	10	17*	
Derivative Financial instruments:								
- Forward exchange contracts used for hedging	1	-	-	-	-	-	1	**1**
-Swap contracts used for hedging	11	-	-	-	-	-	11	**11**
- Other forward exchange contracts	-	1	-	-	-	-	1	**1**
Total liabilities	**12**	**1**	**7**	**-**	**-**	**514**	**534**	

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)
*** The fair value of the contingent consideration from business combinations (8 million euro) reported as other payables is calculated using a discounted cash flow model. The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate. Significant observable inputs are the expected cash flows and the risk-adjusted discount rate. The estimated fair value would increase (decrease) if the expected performances are higher (lower).

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

Balance at December 31 2018	7
Assumed in a business combination	3
Gains included in finance income- net change in fair value (unrealized)	(1)
Amounts paid during 2019	(1)
Balance at June 30, 2019	9

17. 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, 2019. 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 2019 / June 2018

In million Euro	Q2 ending June 30, 2019	Q2 ending June 30, 2018
Condensed consolidated statement of profit or loss		
Revenue	**576**	**559**
Cost of sales	(382)	(379)
Gross profit	**195**	**180**
Selling expenses	(79)	(81)
Research and development expenses	(35)	(35)
Administrative expenses	(42)	(42)
Impairment loss on trade and other receivables, including contract assets, net amount	(2)	-
Other operating income	11	15
Other operating expenses	(17)	(10)
Result from operating activities	**31**	**26**
Interest income (expense) – net	***(2)***	***(1)***
Interest income	1	1
Interest expense	(3)	(2)
Other finance income (expense) – net	***(7)***	***(9)***
Other finance income	2	2
Other finance expense	(9)	(11)
Net finance costs	**(9)**	**(10)**
Profit (loss) before income tax	**22**	**16**
Income tax expense	(6)	(10)
Profit (loss) for the period	**15**	**6**
Profit attributable to:		
Owners of the Company	15	5
Non-controlling interests	1	1

Condensed consolidated statement of comprehensive income

In million Euro	Q2 ending June 30, 2019	Q2 ending June 30, 2018
Profit for the period	**15**	**6**
Other comprehensive income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences:	*(2)*	***11***
Exchange differences on translation of foreign operations	(2)	11
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:	-	***1***
Effective portion of changes in fair value of cash flow hedges	(5)	3
Change in fair value of cash flow hedges reclassified to profit or loss	1	-
Adjustments for amounts transferred to initial carrying Amount of hedged items	(5)	(2)
Income taxes	-	-
Items that will not be reclassified subsequently to profit or loss:	**-**	***(3)***
Equity investments at fair value through OCI – change in fair value	-	(2)
Remeasurements of the net defined benefit liability	-	-
Income tax on remeasurement of the net defined benefit liability	-	*(1)*
Total other comprehensive income for the period net of tax	**(2)**	**9**
Total comprehensive income for the period	**13**	**15**
attributable to:		
Owners of the Company	14	14
Non-controlling interests	(1)	1