

Performance





Our values

Agfa strives to make its customers successful and be their partner of choice for the long term, be it for imaging and information systems or for any other partnership aiming at sustainable innovation. We do this by offering leading edge technology, affordable solutions and innovative ways of working, based on our in-depth understanding of the businesses and the individual needs of our customers.

To succeed, investing in innovation and delivering top quality solutions are key.

Operating in a responsible, sustainable and transparent way is as important. We are convinced that this is the right approach for the long-term success of our company.

Our policies

Our values are reflected in the Group's Code of Conduct (CoC). To support the translation of the CoC into clear day-to-day processes, we rely on a series of policies and corporate guidelines, both at global and local level.

These are some examples of the policies – not listed in order of priority – we rely on for the topics addressed in this chapter:

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

Scope of the data reported and reporting process

Unless stated otherwise, the quantitative data reported in this chapter cover all Agfa's manufacturing sites, administrative facilities and sales organizations worldwide. While the quantitative data always refer to the full scope, to simplify the reading of this report for some of the material topics, we provide descriptive details on the management approach solely for the sites having the biggest contribution to the overall impact.

2021 in a snapshot

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

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

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

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

Agfa’s impressive IP portfolio:

814
active patent families
3,014
active patent rights



We invest
5.4%
of revenue in



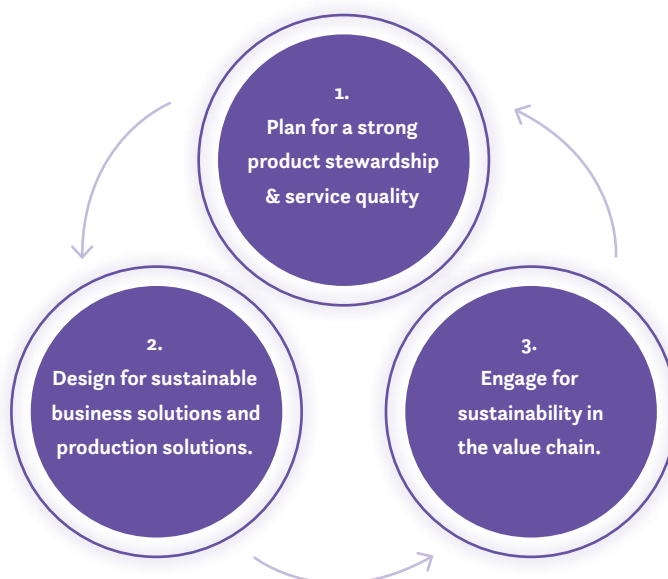
Agfa’s ZIRFON UTP 220

highest possible
ENERGY EFFICIENCY
in hydrogen production

Our goal? Sustainable innovation!

1. Responsible production

We take full responsibility for our products and thereby we critically examine the safety, health and environmental impacts and the legal compliances throughout each stage of the product's life cycle. To do that, we apply a three-steps approach:



In this view, the principles of Agfa's Corporate Safety, Health & Environment Policy are:

- Comprehensive environmental protection and occupational safety are given the same priority as customer orientation, high product quality and commercial efficiency;
- Products and processes are designed, developed and manufactured to minimize the impacts to the environment and the occupational safety and health risks of all the phases of the life cycle;
- Agfa advises its customers, its employees and the authorities with an evaluation of its products and manufacturing processes, in all matters pertaining to health, safety and environment;
- Agfa informs its stakeholders on a yearly basis on its safety, health and environment performance through a Corporate Sustainability Report which is an integrated part of the Group's Annual Report.

Material Topic: Product Stewardship & Service Quality

The way Agfa ensures its products are safe and manages the impacts of different products and materials at different stages in their design, production, use and disposal.

Relevance and boundaries

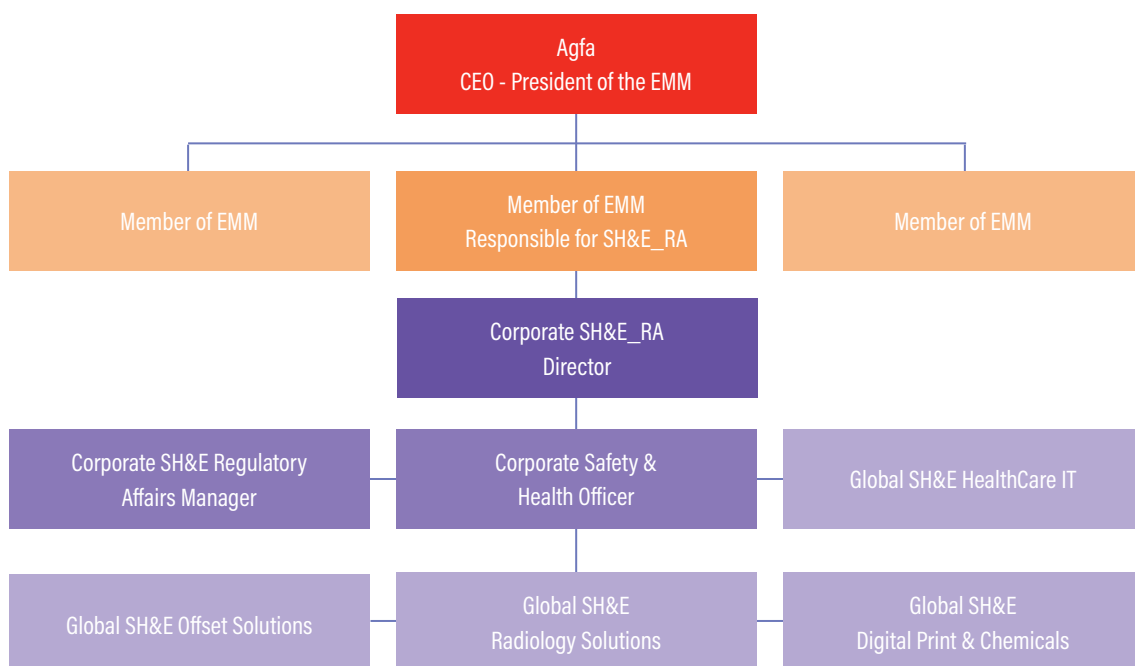
As stated in our Safety, Health & Environment (SH&E) policy, product stewardship is a paramount corporate commitment.

We buy, use and sell chemical products, electronics and services globally. Hence, the proactive management of our products and services on-site and beyond, including the engagement with suppliers and downstream users, is the pre-requisite to deliver safe and useful products to the market. Basis for a successful product stewardship are regulatory compliance to existing legislation, proactive anticipation of future requirements and a deep understanding of the impacts on our products and services of market developments, to ensure service-oriented customers' relations. This section focuses specifically on SH&E regulatory affairs management.

Our management approach

The different activities around SH&E management are built on the basis of our internal Corporate Safety, Health & Environment (SH&E) policy. Each division unit appoints a SH&E Manager who contributes to the roll-out and evaluation of the corporate SH&E policy and objectives and is member of the Corporate SH&E Management Committee. The policy is reviewed at least every three years, unless the Management Committee considers it relevant to do it more often. The SH&E Management Committee also monitors the constant development of legislation worldwide for the chemicals, products and services we place on the market.

The local management of our sites is responsible for implementing the Corporate SH&E policy and for complying with the local legislation that is applicable to the operation of the manufacturing site itself, under the coordination of the plant SH&E coordinator. To ensure the highest SH&E standards, we have different policies in place at each site. The focus of the different policies is defined at local level, both on the basis of the specific local and national legal requirements and on the type of operations carried out at each plant.



A Rationalization Committee of Chemicals (RCC) is in place to support the overall implementation of legislation regarding chemicals.

It is composed of managers appointed by different business lines and it meets every quarter to align on chemicals substitution strategy or other actions to continue to stay compliant with current and future legislation. Due to the nature of our products, the RCC pays particular attention to certain (groups of) substances and specific regulations:

- CMRs – following our CMR policy Agfa products by design do not contain any CMR category 1A or category 1B substances at market introduction. CMR category 2 substances are only allowed if a technical investigation found their use unavoidable and safe use has been proven;
- REACH regulation;
- SVHC – for which we routinely assess safer potential alternatives;
- End-customers' own restriction lists – we ensure our solutions meet compliance rules of specific procurement criteria and restrictions that are defined by the end customers of our own products;
- Eco-labelling criteria – upon request of our customers, we provide products that fulfill the criteria of specific labeling schemes, e.g. the Nordic Swan or the EU Ecolabel.

Our goal is to always strive for zero non-compliance regarding the different guidelines listed above.

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

Our 2021 performance and activities

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

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

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

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

Material Topic: Sustainable business solutions and production

The way Agfa progressively improves the sustainability profile and performance of products and services in its portfolio, ensuring they are environmentally and socially responsible.

Relevance and boundaries

We believe that sustainable business solutions and production are essential to realize our growth strategy. This is why we consider sustainability as a decision factor in our go to market strategies. In 2020, we have formalized this commitment by defining the goal of 'no sustainability throwback' for new products. Simply put, we want to market new products only having carried out a full assessment of their sustainability profile already at design phase, on top of assessing the potential market success. Such assessment shall consider the impact of new solutions along the full life cycle, both in terms of our own environmental and social footprint, but also ensuring that new solutions can help our customers reducing their own footprint or bring consistent added value to society at large, e.g. via more sustainable healthcare.

Our management approach

The topic of sustainable business solutions and production is broad and it comprises many different processes and involves many different layers of our organizational structure. Hence, its management approach is multi-layered:

- Global level: for the definition of corporate strategy, global goals and markets where we want to make an impact;
- Plant level: for the sustainability performance specific to the environmental footprint of products' manufacturing;
- Division level: for the development of sustainable business solutions and services.

While the first two layers are described in the chapters on ‘Sustainability’ and ‘Planet’ respectively, the development of new sustainable business solutions is driven by each Division with the support of the Corporate Sustainability Office. Our teams of products’ specialists are those best placed to identify improvements opportunities and assess market readiness for new developments thanks to their knowledge of our customer base and the way each line internally works.

To achieve these ambitious objectives, a series of processes are in place, including:

- Progressive transition to circular economy as essential for a sustainable society. This, together with the environmental aspects (addressed more in detail under ‘Planet’) also entails the transformation of our business models as a whole, closer cooperation and often shared resources and common strategy with customers and suppliers;
- More explicit focus on sustainability in the assessment of markets’ needs via stronger stakeholders’ engagement;
- Development of sustainability criteria at product level to allow decision-making at R&D level;
- Data management for efficient exchange of information, which allows for better decision making and data protection.

For some of our products and services we also rely on insights coming from market guidance by making use of sustainability certification and labelling schemes or sectoral best practices, if those exist. For instance, we refer to GREENGUARD certification for our inks.

The GREENGUARD certification is granted to products that meet some of the world’s most rigorous chemical emissions standards, helping to reduce indoor air pollution and the risk of chemical exposure. Our wide-format UV LED inkjet inks obtained the GREENGUARD Gold Certification, which includes health-based criteria for more than 360 Volatile Organic Compounds (VOCs) and also requires lower total VOC emission levels. This ensures that the products are acceptable for use in sensitive indoor environments, like schools and healthcare facilities, and for prints that cover all walls of a room – not just as signage or partial wall decoration.

Beneath are some examples of our sustainable solutions; more details under ‘Business Activities 2021’.

- **Thin Ink Layer technology**

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

- **ECO³: Economy, Ecology and Extra convenience**

ECO³ program is a made-to-measure screening of customers prepress and printing processes, optimizing the whole process and resulting in saving on the use of ink, paper and water, and in reducing waste generation.

- **Chemistry-free printing plates**

Our chemistry-free computer-to-plate (CtP) systems allow printers to reduce their environmental footprint, lower their operating costs and boost their efficiency. Over the past decade, more than 90% of our customers in the newspaper segment have already switched to chemistry-free technology.

- **Circular business model for printing plates**

The system allows printing plates to be offered to large printing houses in a closed supply system, in which they are collected after use and sent back to the aluminum producer for recycling. This collaboration across the supply chain between us, the aluminum supplier, the logistic partners and the printing company supports our transition to a progressively more circular economy.

- **Sustainable and safe healthcare**

Our healthcare solutions provide professionals with tools and skills to transition from analog to digital imaging technology and analyze data to predict and prevent potential care-related complications and can help managing chronic diseases and detecting health problems developing in a population at an early stage.

These improvements in the quality and efficiency of patients’ care goes together with high vigilance to ensure the security of data and systems.

Our 2021 performance and activities

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

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

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

More sustainable healthcare – the role of our Enterprise Imaging Platform

Agfa HealthCare's Enterprise Imaging Platform offers by default a comprehensive approach to our sustainability strategy as a whole, contributing to several objectives at once:

- through digitized workflows, it maximizes remote collaboration and it reduces paper and film usage;
- by optimizing medical imaging equipment capacity across health systems, it maximizes the human potential;
- by minimizing unnecessary treatments and contributing to less human errors, it supports the quality of care;
- by better aligning medical treatments amongst professionals, and better engaging with the patients and their referring physicians, it increases satisfaction of both professionals and patients alike.

Over 2021, the COVID-19 outbreak has continued to pose enormous efficiency and productivity challenges for our customers.

As the Enterprise Imaging Platform is designed for modularity and flexible deployment, the value brought to healthcare professionals was more meaningful than ever. Among other highlights, we created a single, scalable, secure and modular platform that allowed our customers to implement an Enterprise Imaging strategy at their own pace. In 2021, we introduced a new web technology as part of our technology innovations in Enterprise Imaging to allow true remote diagnostic imaging workflow. This technology allows users to view, produce, interpret images via any computer, eliminating connectivity issues. This is a further step in enabling even more efficient healthcare, supporting medical staff with more flexibility in mobile and remote working, providing the ability to work at any location where the 'right' software is installed.

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

Material topic: Sustainability in the value chain

The way Agfa manages its responsibility towards the sustainability practices of its supply chain.
This includes how to address economic impact.

Relevance and boundaries

Taking full responsibility for our products means looking at our value chain as a whole. Firstly, to ensure business continuity, which is essential to fulfill our commitments towards our stakeholders. Secondly, to ensure we do business with partners who respect our values and stand for ones we can support. This means considering partnerships as a key tool to drive business sustainability transformation. Our value chains are extended and diverse due to the variety of products and services and the multitude of markets we work in. They include the wide range of our suppliers, e.g. raw materials and packaging suppliers, our distributors, our customers and many more. Basis for supply chain sustainability management are a detailed supply chain analysis and monitoring, an informed risk assessment and a set of policies to deal with our partners, e.g. Supplier Sustainability Declaration (SSD), Code of Conduct, SH&E, Supplier Performance Standard, ... One of the horizontal enablers of these processes is the exchange of information across the value chain. This section focuses specifically on the exchange of information with two of our groups of partners, i.e. customers and suppliers.

Our management approach

The exchange of information across our value chain happens across multiple channels. At global level we use our corporate website, e.g. to make Safety Data Sheets (SDSs) for all our products available, and our Annual Report to disclose progress regarding our sustainability performance. These are complemented by a series of tools relevant at local level and/or more adequate for specific markets.

The management of our engagement, instead, is normally specific to each target group.

Suppliers

The engagement with our suppliers is coordinated by the purchasing department, following the specific local and national legal requirements. For some regions, depending on the business needs, we might appoint a dedicated responsible contact.

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

To assess suppliers, we use an internal 'scorecard' system that looks at the performance of the suppliers, including an assessment or audit rating, health hazard evaluations and number of complaints and corrective actions taken on them.

Moreover, as already mentioned under the 'People' chapter, our key and core suppliers have signed the Agfa Supplier Code of Conduct (CoC). The CoC is available on our corporate website and it contains requirements in the field of compliance to the laws of the applicable legal systems, of maintaining compliance systems and of the suppliers' capacity of demonstrating a satisfactory record of compliance with the laws and widely accepted forms of fairness and human decency in their conduct.

Customers

The engagement with our customers is coordinated at local level by each division, following the specific local and national legal requirements.

Some regional programs are set up at regional level, based on the regional context and the customers' interest in engaging on sustainability specifically. For instance, we set up GreenWorks in North America, a customer accreditation scheme that recognizes customers in the graphic communications industry who have demonstrated environmental responsibility and achieved greener outcomes through the use of technology, products, services and practices.

Our 2021 performance and activities

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

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



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

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

Our commitment for the future on responsible production

Product stewardship is certainly the area of responsible production where our management approach is more mature; we have a dedicated team, clear policies, established processes and internal controls to define the day-to-day management. It is already fully embedded in our way of working and in our DNA. This is why the commitments ahead of us are clearer and more detailed. In this area, beyond complying with all the upcoming new regulations, our efforts will be focused on the implementation of the requirements defined in the context of the Green Deal and, in particular, the Chemicals Strategy for Sustainability. We consider this of utmost importance to drive the entire industry towards more sustainable production and we will fully support it, both via all our sectors' associations and our own processes.

In the coming years we also intend to better structure our approach to delivering sustainable business solutions and to managing sustainability in the value chain. We are already active in these areas and we mainly address these processes at divisional level and 'per market'. While the divisions know our customers better, and will continue to be in charge of defining the right approach, we are structuring the definition of corporate sustainability goals and targets.

2. Innovation and investments

Material topic: Innovation and investments

The way Agfa innovates and structures its investments in R&D to improve product, process and application technologies through a customer-driven approach, investigating new applications for existing products and improving sustainability and environmental protection. This includes the digitalization of the current product portfolio.

Relevance, definition and boundaries

Innovating is part of our DNA and we consider it essential for the realization of our growth strategy. Each year, we therefore invest 5-6% of our turnover in R&D. In addition to developing new products, we are constantly looking for solutions that not only reduce our own ecological footprint, but also that of our customers, a deliberate focus.

Product and technology innovation at Agfa strives for sustainable value creation for our customers and other stakeholders, an objective which is embedded in our ideation processes.

Our management approach

Since 2019, Agfa's Innovation Office (IO) structures the innovation generation process at global level and it ensures full synergy and cross-fertilization between different areas with a potential for innovation. The IO looks at societal and market trends to identify where Agfa can develop new business in adjacent and less adjacent markets and technologies. This is done either by leveraging existing core competencies, as well as by developing new markets and technologies.

The IO reports directly to Agfa's Executive Management and it is supported by our Materials Technology Centre (MTC), an R&D group which has been historically operating as Agfa competence center by supporting the divisions specifically on technological innovation for materials and processes.

The IO stimulates the innovation culture throughout the organization and fosters an entrepreneurial behavior, looking both at internal and external sources. To this extent, the IO sets up a continuous ideation process selecting, validating and ranking proposals. The ideas are assessed through a tailored scoring methodology, which takes into account the attractiveness of the market segments, the commercial success factors, the technical feasibility and sustainability criteria regarding People & Planet.

The evaluation of changing business models is also an important assessment criterion. A relevant example for us is certainly within digitalization and Software as a Service.

We involve our customers and other industry stakeholders in our innovation process through our sales and service teams. They are best placed to capture the needs of our customers – and by extension of society.

Collaboration and open innovation are stimulated to accelerate the introduction of solutions in markets where we are not present today. Collaboration with startup and scale up networks is set up to accelerate the exploration and validation of ideas in new applications or unknown markets, but also to encourage a learning mindset and stimulate employees to dare to leave the comfort zone. For instance, by engaging the IO and other co-workers in corporate venture projects and with business angels.

One way we share our chemistry expertise is via Agfa-Labs, our open innovation platform for materials and coating research. Through this platform, we support the industry to investigate the potential use of materials in applications such as life sciences, construction, plastic & polymers, ...

To support the different processes that ensure continuous innovation, we invest each year 5-6% of our turnover in R&D and innovation.

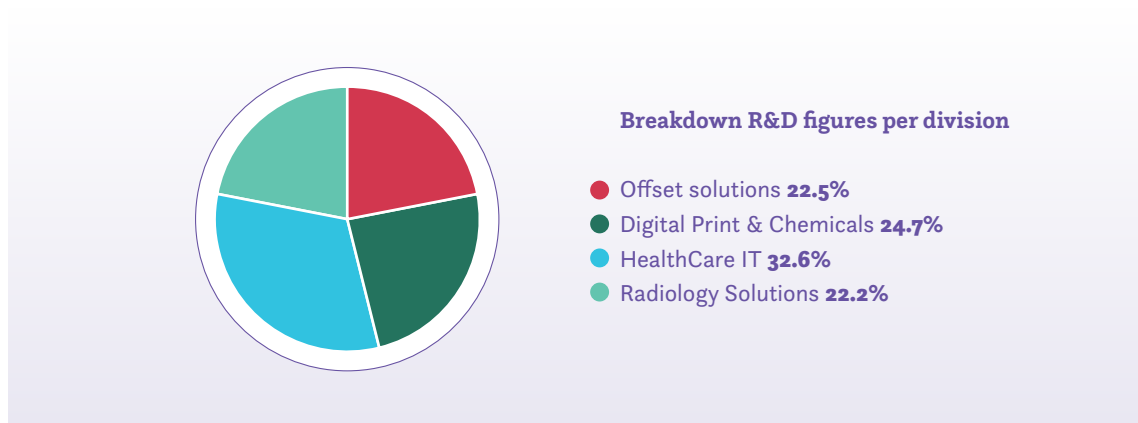
At this stage the IO and the MTC have been mainly supporting the DPC, Offset and Radiology divisions, while the HealthCare IT business relies on the innovation focus of its dedicated R&D team.

Our indicators

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

Our 2021 performance and activities

In 2021, we have invested 5.4% of our turnover in R&D, which confirms our strong focus on continuous innovation. Our strong commitment is also shown by the series of collaborative innovation projects we set up, either Government/EU funded or industry funded, which aim is to contribute to continuous innovation either by improving the performance of existing materials or by developing new materials.



In addition to the projects specifically aimed at environmental impacts reduction, described under the 'Planet' chapter, here are some examples of the spectrum of innovation activities we have been investing our resources in:

· DUVAL

An EU funded project in collaboration with one academic partner to develop know-how on thin film evaporation, specifically for challenging products due to their chemical nature.

· Atom and Flex

Two projects funded by the Flemish Government to develop flow chemistry solutions for a safer and more sustainable production of chemical building blocks. In the case of the Atom project, we are part of a wider consortium consisting of four industrial and four academic partners.

· MMICAS

A project funded by the Flemish Government led by a consortium of three industrial and four academic partners to evaluate the possible use of ultrasound technology at industrial scale. This technology fits very well in the process intensification strategy, where solutions are developed for a more sustainable chemical production with regard to raw material use, energy use, waste generation and process safety.

In addition to these long-lasting projects, beneath are some examples of our innovations; more details on p. 96-129

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

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

Our commitment for the future

2021 was a challenging and transformative year for us. As we are in a process of internal reorganization to adapt our structure to the changing market demands, we remain convinced that a continuous investment in research and innovation is the key to continue succeeding in our mission of being the partner of choice for the long term for our customers. Hence, R&D and innovation will continue to be at the core of our growth strategy, focusing both on improving the performance of existing solutions and in developing new ones.

3. Ethical business conduct & compliance

Material topic: Ethical business conduct & compliance

The way Agfa manages business practices regarding ethics, i.e. transparency, integrity, corruption, litigation and claims. It also includes corporate governance.

Relevance, definition and boundaries

We firmly believe we shall assume our full responsibility as a socially responsible company in all countries in which we operate worldwide. Our goal is to compete vigorously, independently, ethically and fairly.

Our management approach

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

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

The CoC includes, among others, principles regarding:

- zero-tolerance policy for bribery and improper payments, both accepted and executed;
- zero-tolerance policy for conflict of interest and insider trading;
- full compliance with competition and anti-trust laws;
- strict respect of the intellectual property rights of third parties and agreed confidentiality rules and non-disclosure commitments.

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

The behavior covered by the CoC is defined by the Board of Directors and reviewed on a regular basis.

All employees are expected to respect the rules set out in the CoC. Furthermore, at regular intervals, top managers (Level 2 and above) are asked to confirm that they have read and understood the Code of Conduct.

To track and ensure compliance with the principles of the Code, Agfa has implemented whistle-blowing arrangements to deal with any issues that arise. Agfa's employees can at any time submit any question or complaint via email, phone or letter to their immediate superior or to the Group Compliance Office. Complaints and questions are handled in a systematic and confidential manner by the Group Compliance Office; specialized and independent contact people may be appointed for specific topics covered by the CoC in accordance with local regulation, e.g. a contact person within HR for specific HR related matters.

In addition to the Global CoC there is also a specific CoC for the Agfa Purchasing department, due to the specific nature of the tasks of this department, one of our key interfaces with the outside world.

The suppliers' CoC builds on the Global CoC and it specifically regulates the interactions with suppliers, government officials and other public bodies, providing specific examples of what is considered a potential breach of the rules and of how employees are expected to behave in such circumstances.

Our 2021 performance and commitment for the future

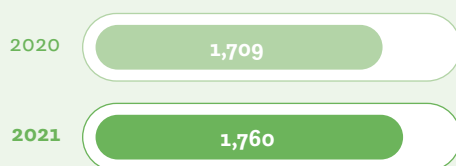
One complaint was reported in 2021 via the whistle-blowing procedure for an alleged breach of the Agfa CoC. Upon further analysis of the notification, the Internal Audit has concluded that there was no breach and the file was closed without the need for follow-up or corrective action. We are very proud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

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

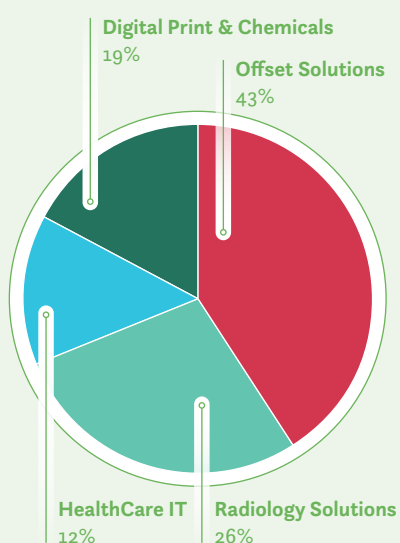
Comments on the Consolidated Financial Statements



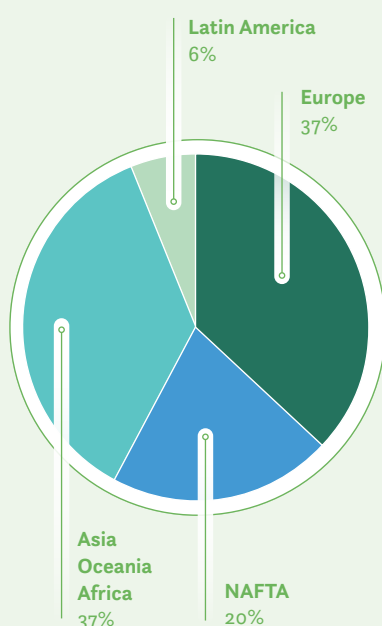
Revenue (million Euro)



Share of Group revenue 2021 by division



Share of Group revenue 2021 by region



Revenue

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

Results

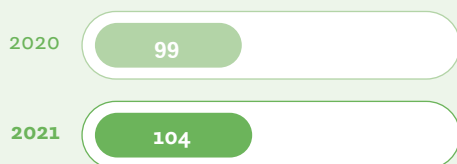
As successful price actions allowed the Group to partly mitigate cost inflation, its gross profit margin decreased only slightly to 28.3% of revenue in 2021.

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

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

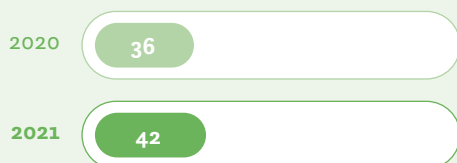
On the one hand, profitability of the sign & display part of the Digital Print & Chemicals business improved considerably versus 2020, but on the other hand high cost inflation, logistic challenges and

Adjusted EBITDA¹ (million Euro)



⁽¹⁾ Before restructuring and non-recurring items

Adjusted EBIT¹ (million Euro)



⁽¹⁾ Before restructuring and non-recurring items

Result from operating activities (million Euro)



Result for the period (million Euro)



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

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

A further cost inflation impact is expected in the coming months, mitigated by pricing actions when the contractual situation allows for it.

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

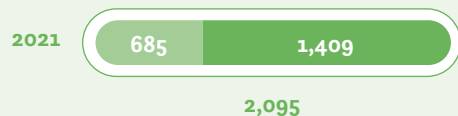
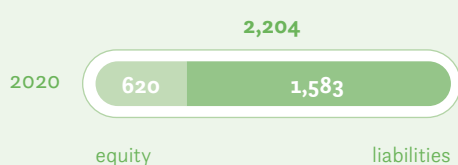
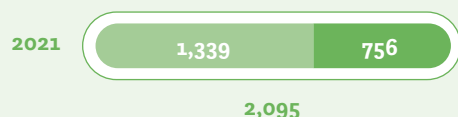
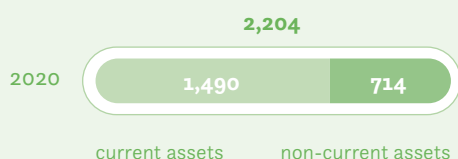
R&D expenses increased by 1.5% compared to the previous year. They amounted to 95 million Euro in 2021 or 5.4% of revenue.

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

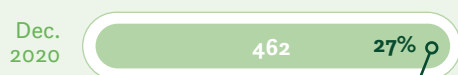
Mainly due to investments in the Group's transformation program – including the preparation of the transfer to Atos of a major part of Agfa's internal Information and Communication Services – restructuring and non-recurring items resulted in an expense of 33 million Euro. In 2020, an expense of 88 million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

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

Statement of financial position (million Euro)



Trade working capital (million Euro/% of sales)



Net financial debt (cash) (million Euro)

2020 (502)

2021 (325)

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

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

Statement of financial position

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

Trade working capital

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

Financial debt

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

Pension liabilities

In 2020, Agfa spend about 218 million Euro of the proceeds of the sale of part of HealthCare IT (at an enterprise value of 975 million Euro) to increase the funding ratio of the funded pension plans in Belgium, the UK and the USA, as well as to implement pension de-risking actions. During the first half of 2021, the remaining 130 million Euro were invested. The finalisation of our pension de-risking program resulted in a substantially lower net liability and reduced pension cash outs.

Equity

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

Cash flow

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

Conclusion

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

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

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

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

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

Comments on the Statutory Accounts of Agfa-Gevaert NV

The Annual Accounts as will be presented to the General Meeting of Shareholders of May 10, 2022, were tested against the valuation rules by the Board of Directors, and approved in that form.

The following points, in particular, will be submitted to the General Meeting of Shareholders for approval: The Annual Accounts close with a loss for the accounting year 2021 of 136,843,039.48 Euro.

Based on the profit or loss account, the Board of Directors concludes that the Company has suffered a loss for two consecutive years. Article 3:6 1, 6° of the Code of Companies and Associations requires that the Board of Directors justifies the accounting principles in the assumption of going concern. As the going concern assumption of a holding company, such as Agfa-Gevaert NV, basically depends on the Group as a whole, the Board refers to the net cash position at Group level and the undrawn credit facilities available at balance sheet date.

It is proposed to allocate the result as follows: deduction of the result carried forward by 136,843,039.48 Euro. As a result, the result carried forward will amount to minus 496,260,024.34 Euro.

Explanation of the most significant entries of the Annual Accounts

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

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

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

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

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

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

In 2021, the permanent establishment of the Company in the UK booked a loss of 65.8 million Euro.