Q3 2023 Results

Agfa-Gevaert Group

November 15, 2023

AGFA Agfa

Overall EBITDA growth driven by strong performance of the growth engines, while film business under pressure

Key highlights Q3

- **HealthCare IT:**
  - Strong improvement in profitability
- **Digital Print & Chemicals:**
  - Growing ZIRFON business started to contribute to profitability
  - Strong profitability improvement for Digital Print in spite of subdued equipment investment climate
  - Film activities under pressure from macroeconomic conditions and currency impact
- **Radiology Solutions:**
  - Direct Radiography: improved profitability in a soft market
  - Medical film: continuing impact from new centralized procurement practices in China and macroeconomic and geopolitical conditions
- **Adjusted EBITDA at 17 million Euro: year-over-year and quarter-over-quarter improvement driven by the growth engines**
- **Positive free cash flow of 5 million Euro**
- **Net result at minus 15 million Euro**

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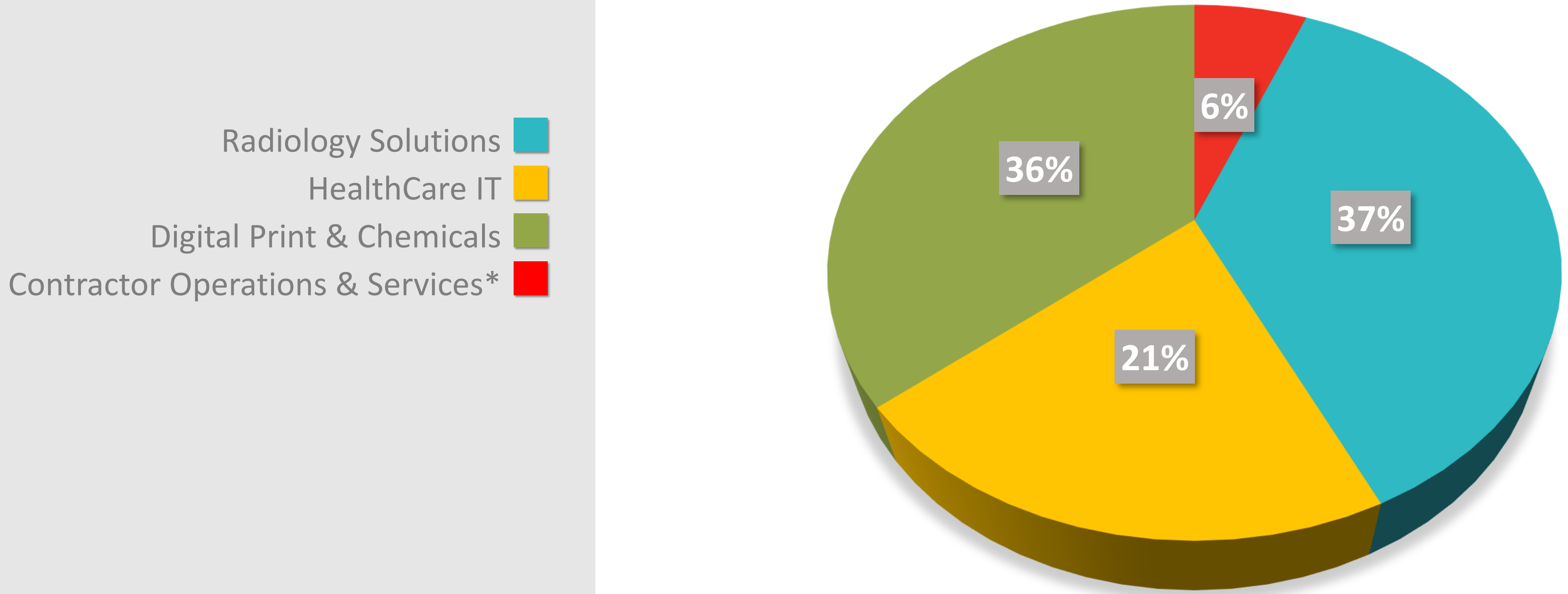
Sales by division

9 m 2023 = 837 million Euro



* related to the former Offset Solutions business

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Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3 '23	Q3 '22 re-presented	Δ% (excl.curr.)	9m'23	9m'22 re-presented	Δ% (excl.curr.)
Sales	280	290	-3.4% (1.3%)	837	829	1.0% (3.5%)
Gross Profit* as a % of sales	85 30.5%	85 29.3%	0.5%	259 30.9%	252 30.4%	2.8%
SG&A* as a % of sales	-70 25.1%	-79 27.3%	-11.1%	-217 25.9%	-231 27.9%	-6.1%
R&D*	-17	-20	-18.0%	-56	-60	-6.1%
Other operating items*	7	8		24	33	
Adj. EBITDA* as a % of sales	17 6.1%	7 2.4%	142.4%	44 5.2%	32 3.8%	38.2%
Adj. EBIT* as a % of sales	6 2.1%	-6 2.1%	195.8%	10 1.2%	-6 0.7%	266.9%

* Before restructuring and non-recurring items

Agfa-Gevaert Group

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3'23	Q3'22 re-presented	9m'23	9m'22 re-presented
Adjusted EBIT*	6	-6	10	-6
Restructuring/non-recurring	-5	-12	-25	-32
Operating result	1	-18	-15	-38
Non-operating result	-7	-5	-19	-13
Profit before taxes	-6	-23	-34	-52
Taxes	-6	-5	-15	-9
Result from continuing operations	-12	-28	-49	-60
Result from discontinued operations	-3	11	-47	23
Result for the period	-15	-17	-96	-37
attributable to owners of the company	-15	-18	-7	-39
attributable to non-controlling interests	0	1	1	2

* Before restructuring and non-recurring items

Overall EBITDA growth driven by strong performance of the growth engines, while film business under pressure

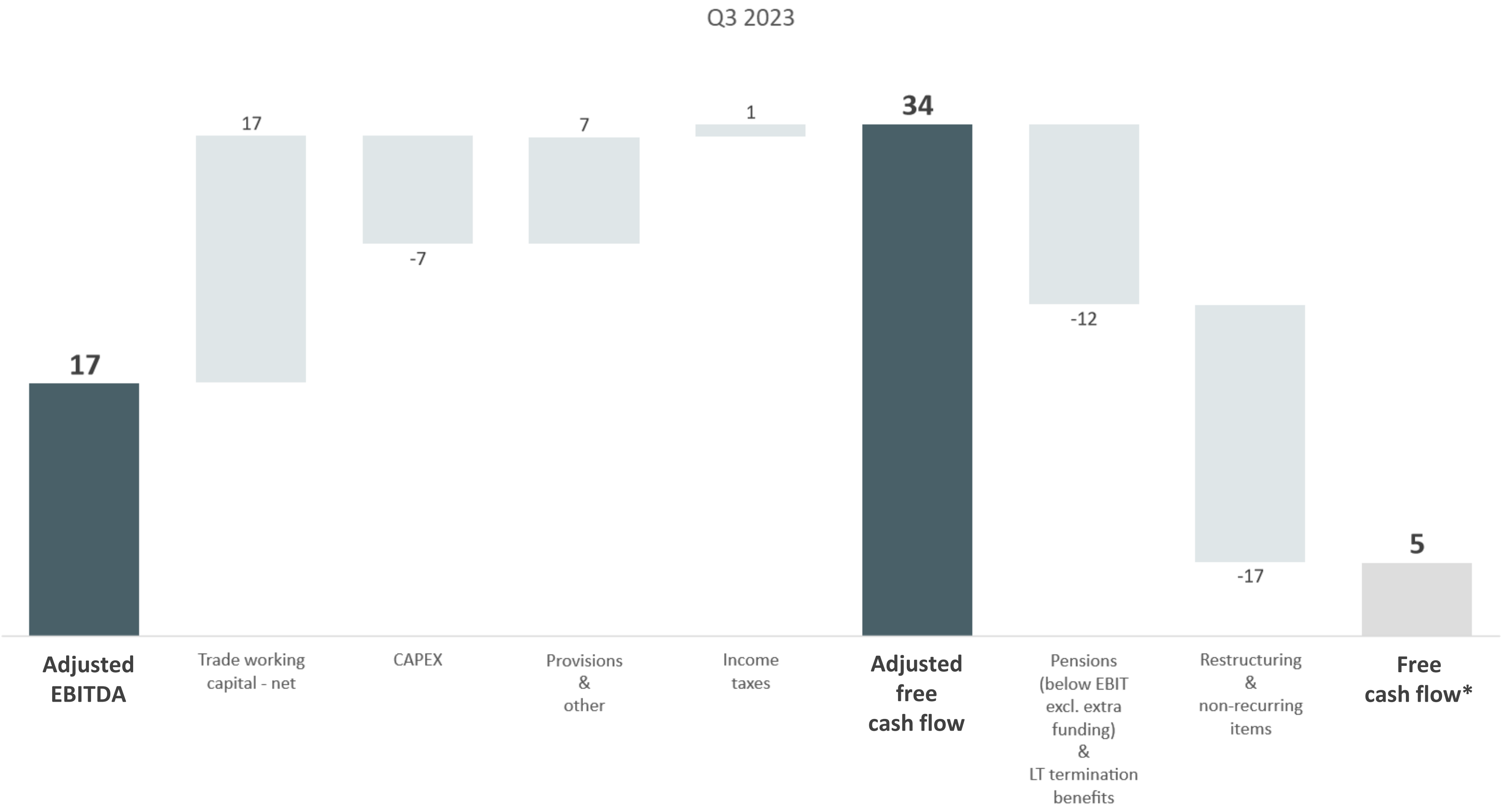
Main drivers behind key figures Q3

- Excluding currency effects, topline increase of 1.3%:
  - Driven by the growth engines HealthCare IT division, ZIRFON membranes and the good performance of the ink product lines in DPC.
  - Traditional film activities under pressure from challenging economic conditions and the current geopolitical circumstances.
- Gross profit margin improved to 30.5% driven by HealthCare IT and DPC and in spite of adverse effects including cost inflation, adverse currency effects, manufacturing inefficiencies and the weakness in the industrial film markets.
- Adjusted EBITDA improved strongly from 7 million Euro to 17 million Euro (6.1% of revenue).

Trade Working Capital (excl. CONOPS)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Δ Q3 2023 vs 2022	Δ 2023 Q3 vs Q2
Inventories (Mio Eur)	311	327	330	307	347	-36	-16
° DIOH in days	153	158	160	152	175	-23	-5
Trade Receivables, Contract Assets/Liabilities	134	139	146	150	130	4	-5
° DSO in days	46	47	51	45	43	3	-1
Trade Payables (Mio Eur)	104	113	108	116	107	-3	-8
° DPO in days	51	54	53	57	54	-3	-3
Trade Working Capital	341	354	367	342	370	-29	-12
° Trade Working Capital as % of sales	31%	32%	33%	32%	35%		

Agfa Group Free Cash Flow: positive free cash flow



Adjusted free cash flow equals the sum of net cash from operating & investing activities excluding the impact of acquisitions and disposal of discontinued operations (see definition of Free cash flow *) adjusted for the impact of the cash out for pensions below EBIT and the cash out for LT termination benefits.

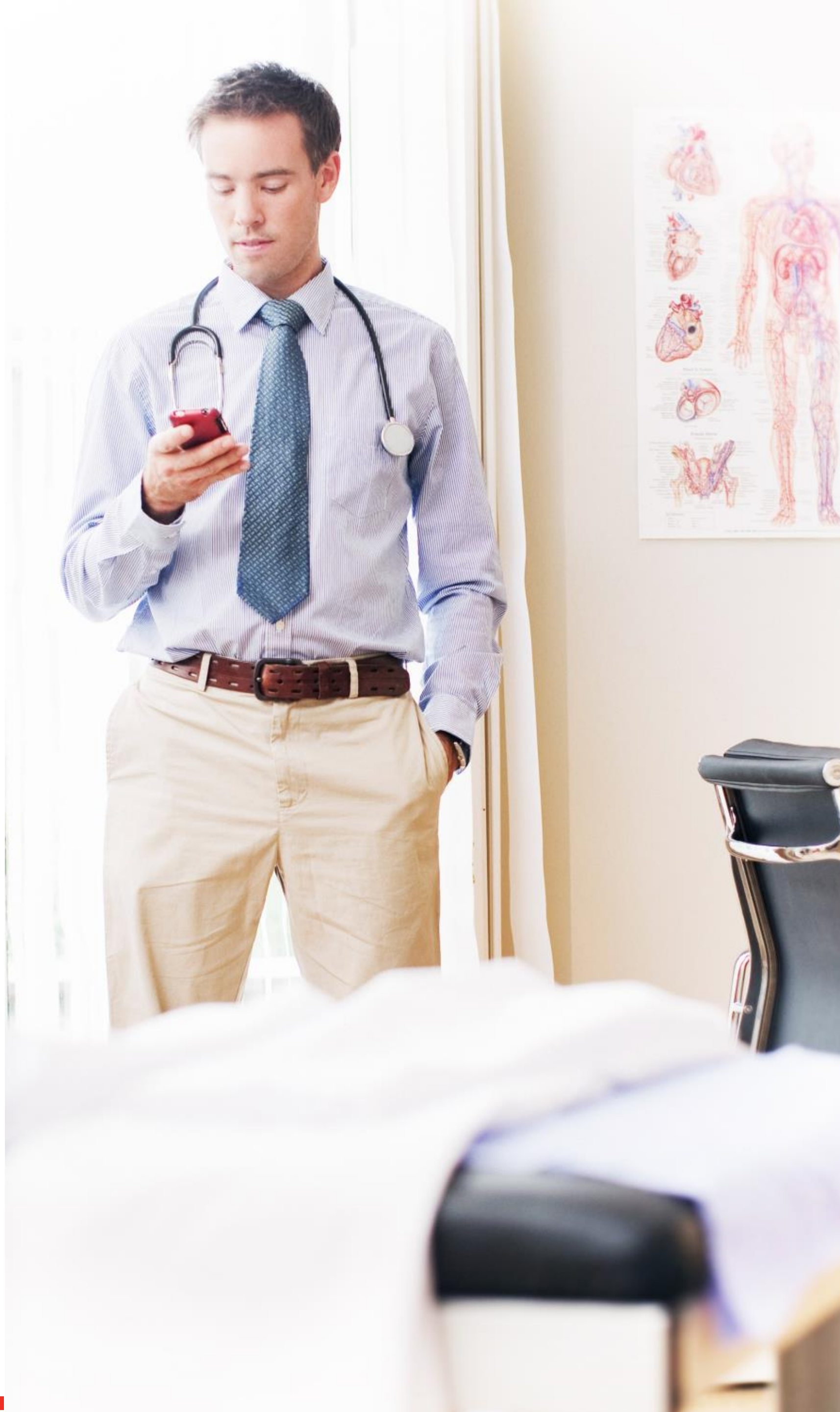
Free cash flow * is defined as the sum of net cash from operating & investing activities excluding the impact of acquisitions and disposal of discontinued operations.

Net cash position stabilized

Net cash position Q2’23 = Q3’23

- Net cash position stable versus Q2’23
- Cash flow 2024 expected to be substantially better
- Sufficient liquidity
- Continued focus on cash generation

HealthCare IT



HealthCare IT

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3 '23	Q3 '22 re-presented	Δ% (excl.curr.)	9m'23	9m'22 re-presented	Δ% (excl.curr.)
Sales	60	62	-2.2% (3.3%)	180	174	3.4% (5.8%)
Gross Profit* as a % of sales	29 48.2%	28 44.9%	4.9%	80 44.5%	78 45.2%	1.9%
SG&A* as a % of sales	-15 25.2%	-16 25.6%	-4.0%	-48 26.6%	-46 26.5%	3.6%
R&D*	-8	-8	-4.6%	-24	-25	-3.1%
Other operating items*	1	0		3	3	
Adjusted EBITDA* as a % of sales	8.5 14.0%	5.9 9.5%	44.3%	15.7 8.8%	15.8 9.1%	-0.4%
Adjusted EBIT* as a % of sales	6.7 11.1%	4.0 6.5%	66.4%	10.3 5.8%	10.2 5.9%	1.4%

* Before restructuring and non-recurring items

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HealthCare IT: strong improvement in profitability

Main drivers behind key figures Q3

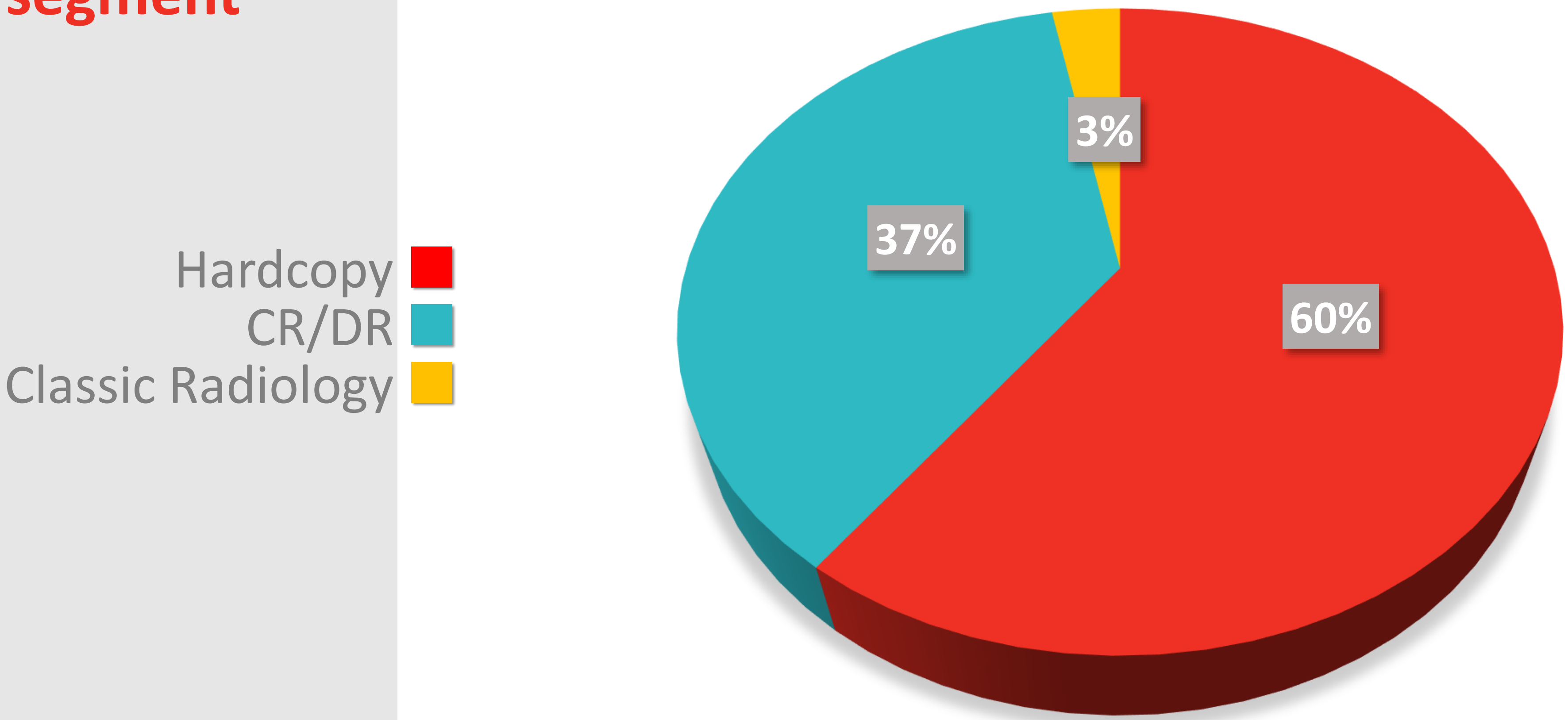
- Order book remains at healthy level: 1.4% growth in the 12 months rolling order intake versus LY. FY’23 order intake is expected to be stronger than FY’22.
- Excluding currency effects, the top line increased by 3.3% vs Q3’22.
- Gross profit margin improved strongly to 48.2% thanks to an increased portion of own IP and improved service contribution.
- Adjusted EBITDA margin increased from 9.5% in Q3 2022 to 14.0%, partly helped by strict cost management.

Radiology Solutions

Radiology Solutions

Sales
by business segment

9 months 2023 = 309 million Euro



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Radiology Solutions

Key figures

Profit & Loss

Incl. IFRS 16

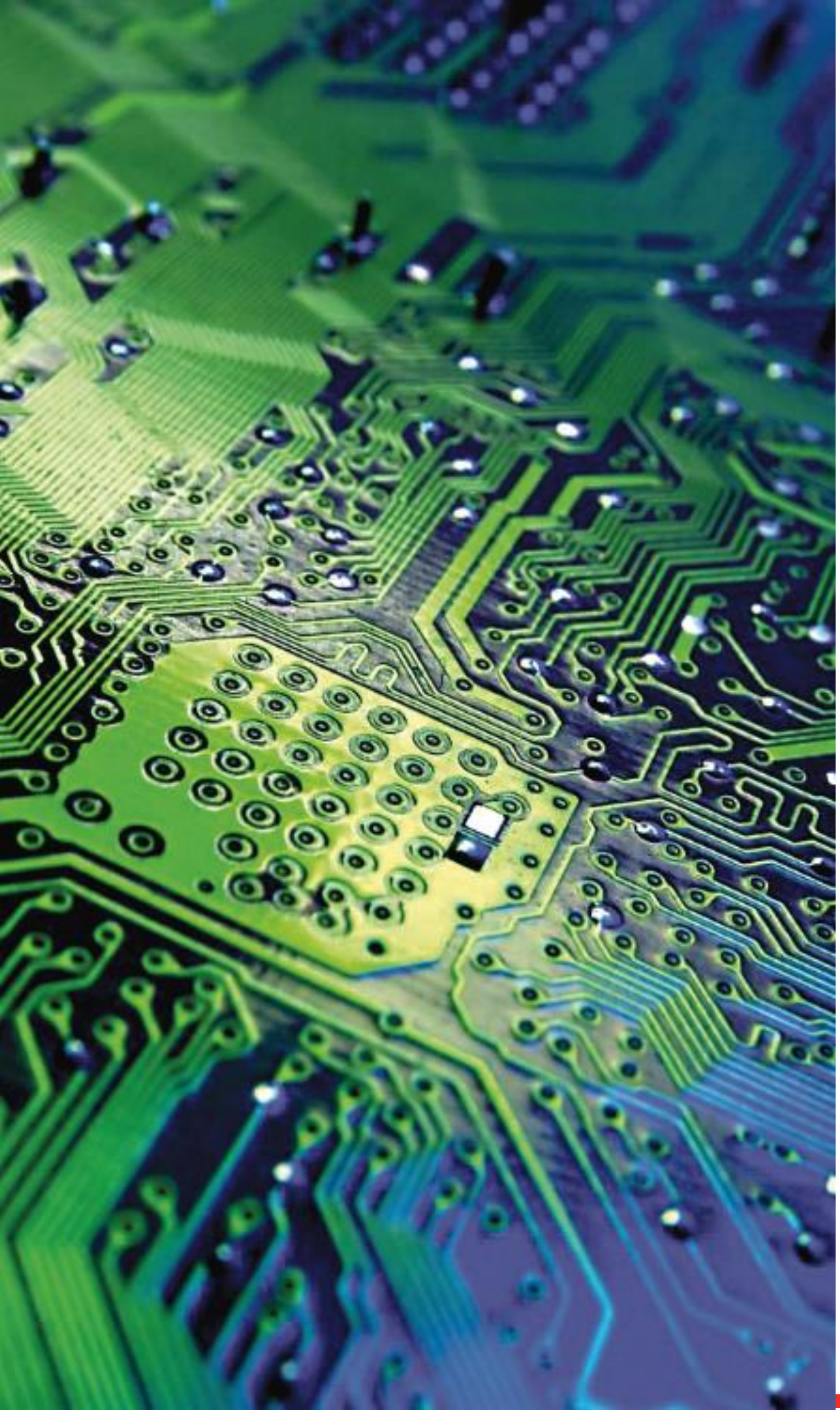
in million Euro	Q3 '23	Q3 '22 re-presented	Δ% (excl.curr.)	9m'23	9m'22 re-presented	Δ% (excl.curr.)
Sales	103	117	-11.6% (-5.7%)	309	331	-6.7% (-3.3%)
Gross Profit*	30	36	-15.2%	97	103	-6.5%
as a % of sales	29.4%	30.7%		31.3%	31.3%	
SG&A*	-24	-27	-12.2%	-75	-79	-5.3%
as a % of sales	23.1%	23.3%		24.2%	23.8%	
R&D*	-2	-4	-41.3%	-8	-12	-32.1%
Other operating items*	-2	-2		-4	-3	
Adjusted EBITDA*	7.2	9.1	-21.2%	23.5	28.3	-16.8%
as a % of sales	7.0%	7.8%		7.6%	8.5%	
Adjusted EBIT*	2.5	2.8	-9.4%	9.7	9.8	-1.2%
as a % of sales	2.5%	2.4%		3.1%	3.0%	

* Before restructuring and non-recurring items

Radiology Solutions: improved profitability in a soft DR market, medical film: continuing impact from centralized procurement practices in China and macroeconomic and geopolitical conditions

Main drivers behind key figures Q3

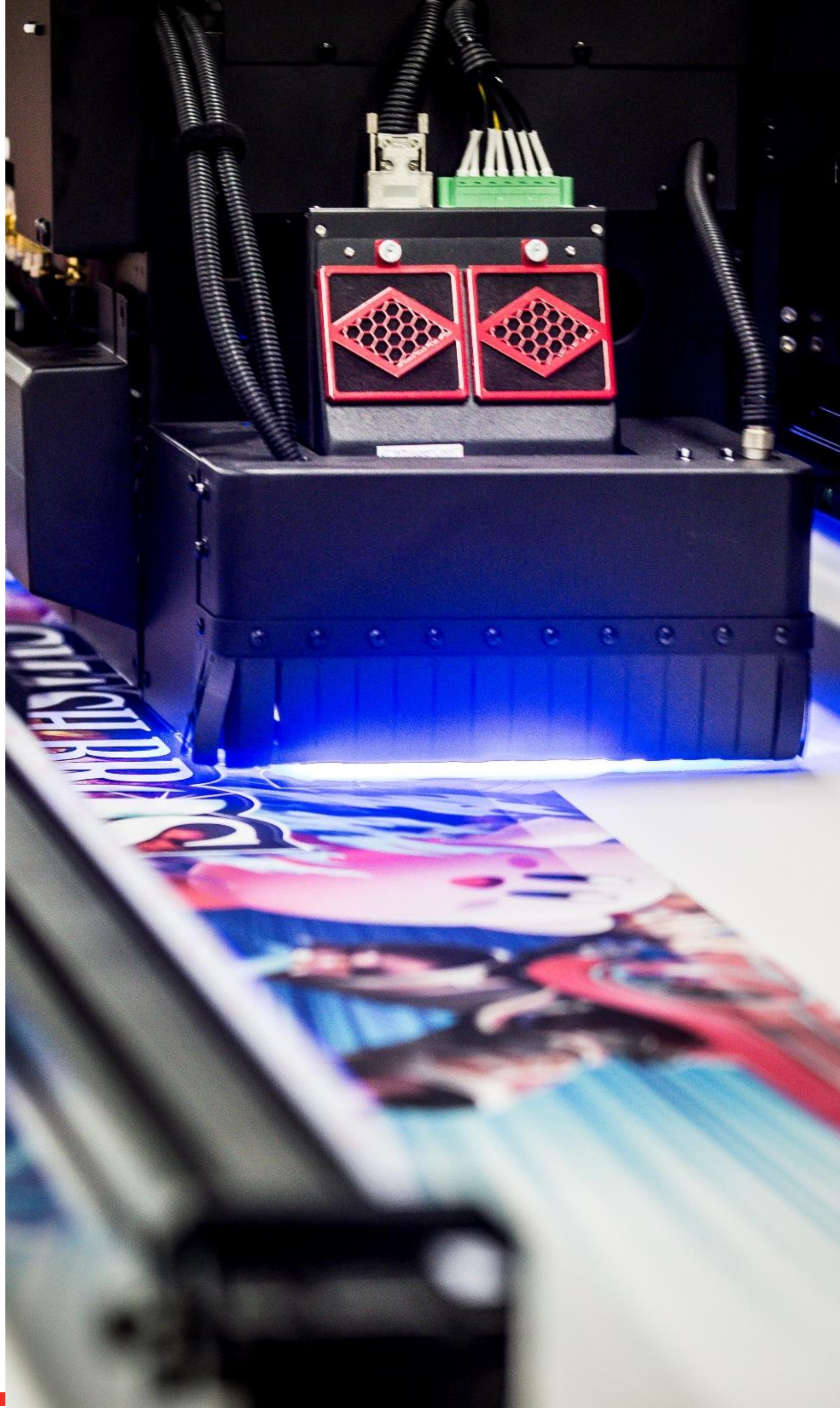
- Medical film performance impacted by:
  - The gradual implementation of new centralized procurement practices in China
  - The geopolitical situation impacting the cost levels
  - Adverse currency effects
- Direct Radiography: continuing positive trend in profitability in a soft market
- Gross profit margin decreased slightly from 30.7% of revenue in Q3 2022 to 29.4%
- Adjusted EBITDA at 7.2 million Euro



Digital Print

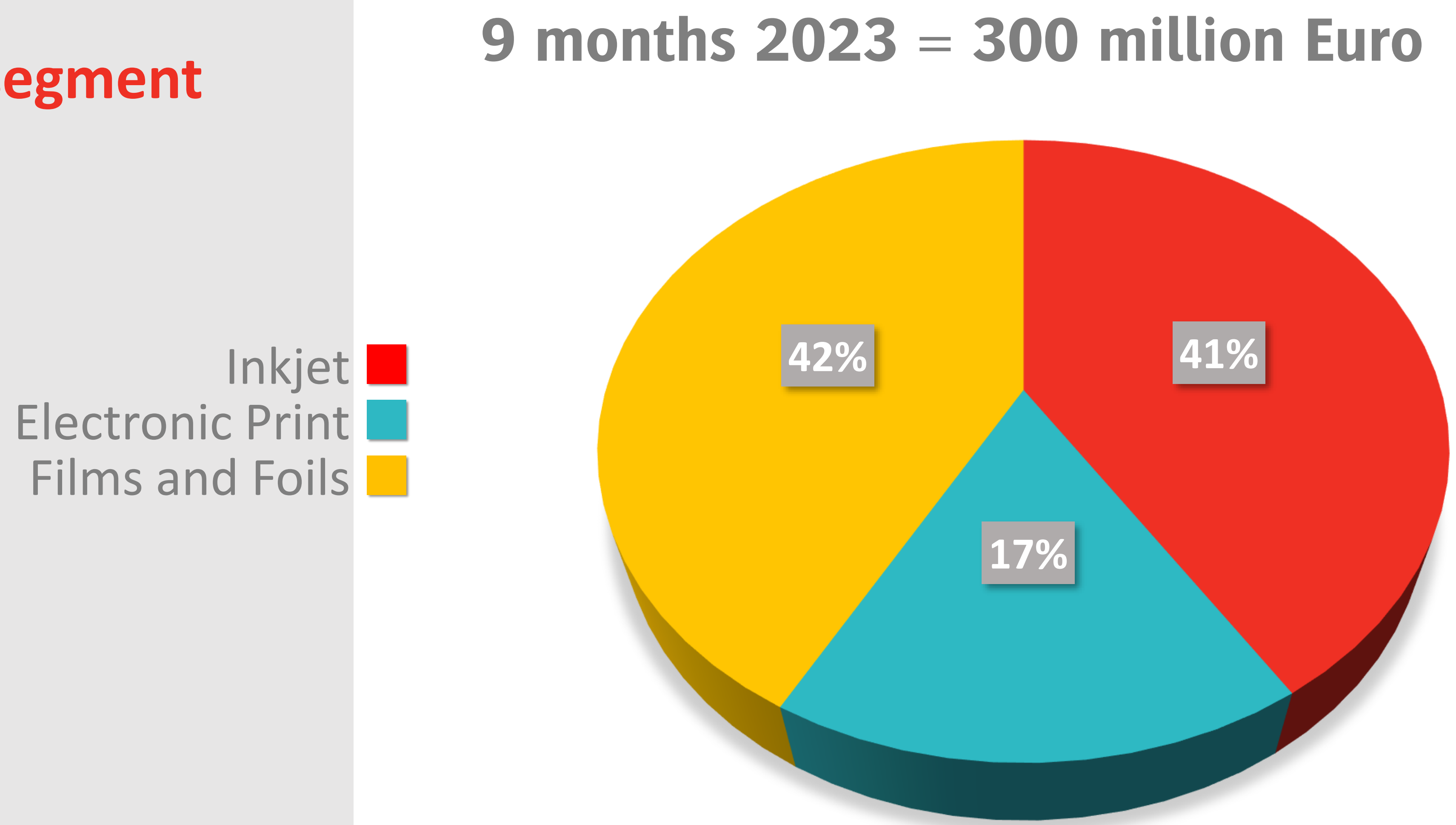
&

Chemicals



Digital Print & Chemicals

Sales
by business segment



Digital Print & Chemicals

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3 ’23	Q3 ’22 re-presented	Δ% (excl.curr.)	9m’23	9m’22 re-presented	Δ% (excl.curr.)
Sales	99	96	3.4% (6.8%)	300	273	9.7% (11.7%)
Gross Profit* as a % of sales	27 27.7%	24 25.6%	12.3%	83 27.6%	74 27.2%	11.2%
SG&A* as a % of sales	-19 19.2%	-17 20.1%	-1.5%	-56 18.8%	-52 19.2%	7.9%
R&D*	-7	-7	2.4%	-23	-19	17.8%
Other operating items*	-1	-2		-2	-4	
Adjusted EBITDA* as a % of sales	4.3 4.3%	0.0 0.0%		13.5 4.5%	8.3 3.0%	63.0%
Adjusted EBIT* as a % of sales	0.2 0.2%	-3.6 3.7%		1.5 0.5%	-0.8 0.3%	282.4%

* Before restructuring and non-recurring items

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DPC: growing ZIRFON business started to contribute to profitability, strong profitability improvement for Digital Print, film activities under pressure

Main drivers behind key figures Q3

- Digital Print:
  - Good performance of the inks and the high-end equipment business
  - On track with the conversion of printers of the acquired Inca company to Agfa ink sets
  - Development of the SpeedSet 1060 single-pass packaging printer is proceeding as planned
- ZIRFON: sales continued to grow strongly and now contributing to profitability
  - January 1, 2024 Agfa will be joining the Hydrogen Council, a global initiative that brings together preeminent companies with a united vision to help foster the hydrogen clean energy transition.
  - Project to build a new industrial unit at Mortsel site in Belgium has been selected for an EU Innovation Fund Grant. The signing of the grant agreement is expected at the end of the year.
- The weakness in the electronics industry continued to impact volumes of Orgacon and PCB
- Price increase actions and cost improvements to mitigate cost inflation impacts started to bear fruit. The gross profit margin improved from 25.6% of revenue in Q3 2022 to 27.7%
- Adjusted EBITDA significantly increased to 4.3 million Euro

Contractor Operations & Services former Offset

New division: Contractor Operations & Services former Offset (CONOPS)

Key figures

Profit & Loss

Incl. IFRS 16

in million Euro	Q3 ’23	Q3 ’22 re-presented	Δ% (excl.curr.)	9m’23	9m’22 re-presented	Δ% (excl.curr.)
Sales	**18**	**16**	11.1% (11.9%)	**49**	**52**	-4.6% (-4.5%)
Adjusted EBITDA*	**-0.2**	**-3.3**	-93.3%	**1.4**	**-7.2**	-119.6%
as a % of sales	**-1.3%**	**-21.2%**		**2.9%**	**-14.0%**	
Adjusted EBIT*	**-0.9**	**-4.7**	-80.3%	**-0.8**	**-11.3**	-92.9%
as a % of sales	**-5.2%**	**-29.6%**		**-1.6%**	**-21.9%**	

Stranded costs in million Euro	Q3	FY
In division Conops in 2022	3.1	14.1
Absorption by other divisions in 2023**	1.5	7.0

- CONOPS represents the supply of film and chemicals as well as a set of support services delivered by Agfa to Offset.
- As of Q2, CONOPS represents the agreements with the external party ECO3 (new branding for former Offset).
- The turnover represents the supply agreements, with corresponding COGS charges.
- The income related to the support services will be accounted for as Other Income, while the costs related to those represented in the different SG&A lines.
- As per IFRS 5, stranded costs related to Offset have been treated differently in 2023 vs 2022. In Q3’22 stranded costs are reported under CONOPS. In Q3’23 these are absorbed by the 3 business divisions.

* Before restructuring and non-recurring items

** Estimates

AGFA

Outlook 2023: FY’23 recovery in profitability expected versus FY’22

Outlook

Confirmation of the outlook given at Q2 2023 results publication: recovery in profitability expected FY’23 versus FY’22.

2023 outlook per division:

- HealthCare IT: Order intake growth continues to be strong. As the portion of own IP in the sales mix is expected to grow, profitability is expected to continue to improve versus Q3 2023. This will likely result in a strong end of the year. Impacted by adverse currency effects, full year EBITDA is expected to be slightly below that of last year.

- Radiology Solutions: For medical film, exchange rate and margin pressure is expected to continue, resulting in a weak performance in Q4 2023. The progress in Direct Radiography is expected to continue.

- Digital Print & Chemicals: The division expects to continue to improve profitability, based on pricing, cost improvement actions and positive contributions from digital print and the ZIRFON membranes. The revenue generated by ZIRFON will continue to grow very strongly.

Sustainability @ Agfa

The road to 2030 & beyond
Sustainable and Profitable growth

Focus on our Planet

- Agfa's ambition on the reduction of combined scope 1 + 2 GHG absolute emissions is set at 62% by 2030 from a 2006 base year for Belgian manufacturing sites, strongly supported by a local reinvestment plan in energy production. This has been defined considering the revised EU 'Fit for 55' package.
- Agfa has chosen to join the Science-Based Targets initiative (SBTi) and committed to develop near-term science-based emissions reduction targets for the Group within 2 years.
- Extension of the mobility plan for (PH)EVs lease to additional countries ongoing, after the successful implementation in Belgium.

Focus on our People

- Female intake (recruitment) in Q3 2023 reached 33%, resulting YTD in an alignment in 4 out of the 6 functional areas in which Agfa has been actively hiring to the Agfa target of + 5% of women market representation.
- Despite + 6 accidents with minimum one day lost in Q3 2023 (25 in total YTD vs. 24 set as annual target), the first results of the reinforced safety programs are visible → Significant frequency rate decrease for accidents with minimum one day lost in Q3.
- The first DEI initiatives have been defined by the 3 Employee Resource Groups working on gender equality, ethnicity and collaboration across generations.

BRONZE 2022 ecovadis Sustainability Rating

Focus on a better Corporate Governance and Sustainable Performance

- Work in progress to increase sustainability of next generation products in DPC and RSD
- Full compliance to our '*Progress in sustainability towards next generation products*' principle
- Ecovadis reassessment ongoing, results expected by the end of the year
- First steps taken towards CSRD Compliance

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Questions

&

Answers

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