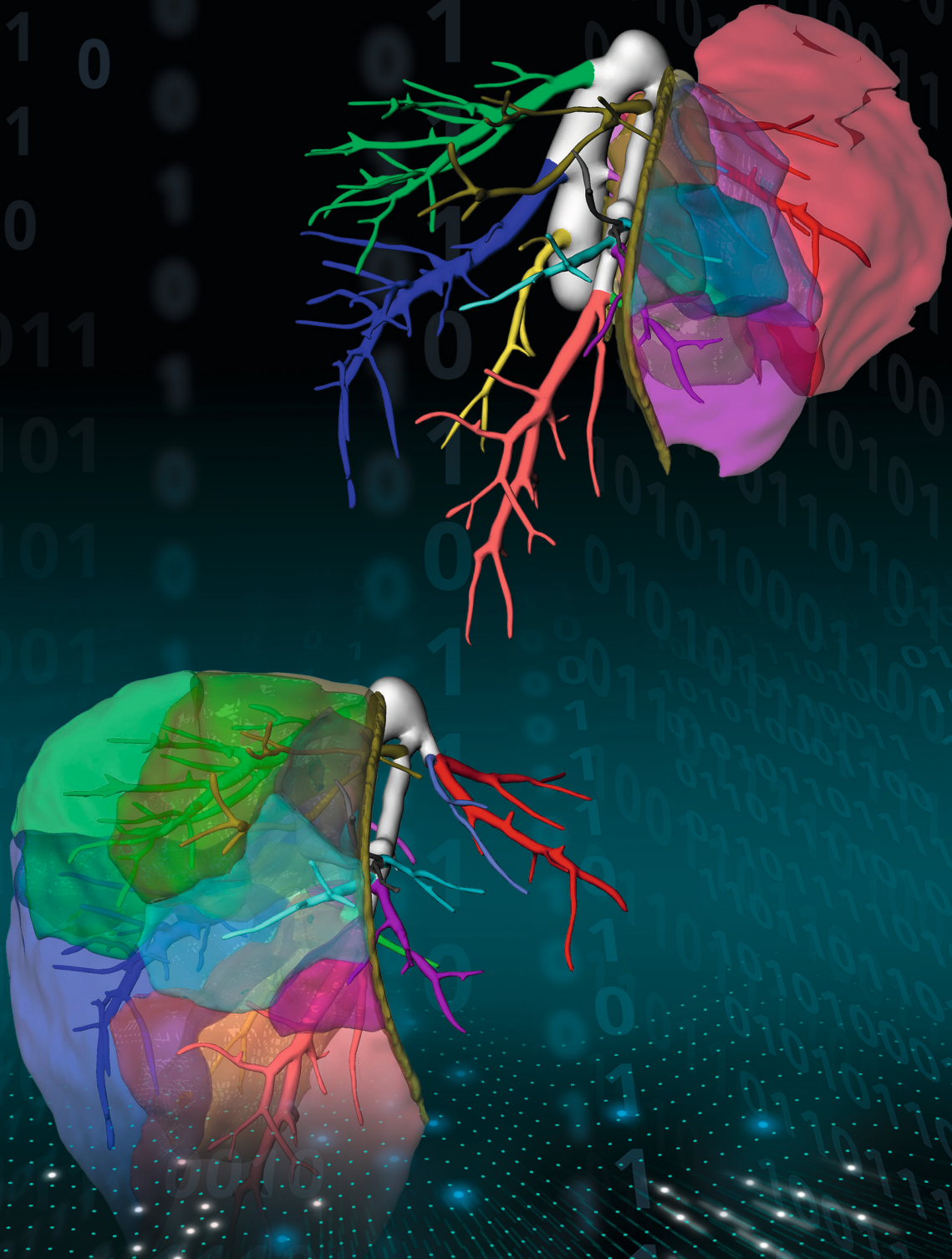


# Interim Report

MeVis Medical Solutions AG

H1-2019/2020



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# LETTER FROM THE CEO

*Dear Reader,*

The first half of the 2019/2020 financial year was again successful for MeVis in terms of its financial indicators. At € 8,677 k, revenues generated in the first six months were only around 2 % down on the previous year (prev. year: € 8,815 k). Of these revenues, 31 % (prev. year: 27 %) were attributable to the sale of licenses, 40 % (prev. year: 39 %) to maintenance revenues and 29 % (prev. year: 34 %) to other revenues, which include, among other things, services rendered for and costs passed on to affiliated companies and the parent company. Earnings before interest and taxes (EBIT) fell from € 3,978 k to € 2,937 k, corresponding to an EBIT margin of 34 %, mainly as a result of lower revenues compared to the prev. year, increased staff costs and higher other operating expenses adjusted for exchange rate losses.

We are satisfied that the change in our business structure has continued in a positive manner. The decline in the area of Digital Mammography will continue to accompany us, whereas we are pleased to report that the decline slowed down in the first six months of this financial year. At 58 %, Digital Mammography still accounts for the largest share of total sales.

Development services developed as expected in the first six months of our financial year, particularly in joint projects with Varian Medical Systems and Varex Imaging Corporation. In addition, in the first half of the year we focused more strongly on expanding our expertise in the field of artificial intelligence (AI). In particular, we expanded our AI portfolio in the successful field of thoracic CT diagnostics and opened up innovative technologies and markets in the Imaging Components division.

One topic that has been on our minds for some time now and poses particular challenges for all of us is the spread of the coronavirus (COVID-19). The corona pandemic is expected to have a significant impact on the global economy and also on the German economy. At this point in time, we are unable to foresee or assess the effects for MeVis Medical Solutions AG. However, we cannot rule out the possibility at this point in time that revenues may be adversely affected to a greater extent in the further course of financial year 2019/2020 as a result of a decline in demand on the side of industrial customers, hospitals and clinics due to a shift in the priority of new investments. The positive trend in Europe towards the adoption of pulmonary CT screening is clearly visible, but has come to a complete standstill due to the current corona pandemic. We hope that the trend will resume and that it will continue to have a positive effect on the marketing of our lung cancer screening products, but we do not expect additional sales in this financial year.

We had to cancel our Annual General Meeting planned for March at short notice due to official regulations. The Annual General Meeting will now take place on June 24, 2020 as a purely virtual AGM, without the physical presence of shareholders and their proxies. We have decided to do so because we are particularly concerned about the health of all those involved and cannot be sure when it will be possible to hold another meeting in person.

COVID-19 has also changed our everyday working life: The health of all employees is a top priority for me and I am very aware of my responsibility in this regard. We therefore decided very early on to make our contribution to containing the corona pandemic and created the possibility for the majority of our employees to work in their home offices. Only a small number of our employees are currently working in the office so that we can easily maintain the necessary distance regulations in our premises. So far, this has worked out smoothly and I would like to express my special thanks to all employees. Their dedication and great commitment, sometimes even with the double burden of childcare at home, make it possible for us to continue to fulfil our tasks and for our customers to receive the products and services in the accustomed quality and speed.

As far as the business situation for the 2019/2020 financial year is concerned, we are sticking to our original forecast at this point in time: For the 2019/2020 financial year, a significant decline in sales to between € 15.5 million and € 16.0 million is expected. In addition to the expected decline in sales revenues with the customer Hologic, declining sales revenues are expected in the area of development services, as fewer development services are performed compared to 2018/2019. Earnings before interest and taxes (EBIT) are expected to

decline to between € 4.5 million and € 5.0 million. The forecasted decline in sales, an expected break-even result from exchange rate differences and an expected decline in income from investments are the main drivers for the EBIT decline. As in the past reporting period, we will regularly review our expectations in the further course of the 2019/2020 financial year on the basis of current business developments.

A handwritten signature in black ink, appearing to read 'Marcus Kirchhoff', with a stylized, flowing script.

Marcus Kirchhoff  
CEO

## THE MEVIS SHARE

The share price of MeVis Medical Solutions AG remained stable from October 1, 2019 to March 31, 2020. At the beginning of the financial year, the share price stood at EUR 29.80 and closed at EUR 28.00 in Xetra trading at the end of March. During the first half of the 2019/2020 financial year, the share price peaked at EUR 33.00 in Xetra trading and reached a low of EUR 26.80. Compared with EUR 31.20 at the end of March 31, 2019, the value of the MeVis share has declined by 10 % in twelve months.

As of March 31, 2020, market capitalization amounted to € 51 million, including 1,820,000 shares in circulation.

### KEY SHARE DATA

|  |   |
|--|---|
| ISIN / WKN / Ticker Symbol                   | DE000A0LBFE4 / A0LBFE / M3V                     |
| Industry sector                              | Software / Medical Technology                   |
| Subscribed capital                           | € 1,820,000.00                                  |
| No. of shares                                | 1,820,000                                       |
| Last quotation (XETRA) on September 30, 2019 | € 29.80   |
| Last quotation (XETRA) on March 31, 2020     | € 28.00   |
| Period high/low (XETRA) in 2019/2020         | € 33.00 / € 26.80                               |
| Market capitalization                        | € 50.960 Mio.                                   |
| General Standard (regulated market)          | Frankfurt und Xetra                             |
| Over-the-counter markets                     | Berlin, Dusseldorf, Munich, Stuttgart           |
| Indices                                      | CDAX, General All-Share, DAXsector All Software |

### SHAREHOLDER STRUCTURE AS AT MARCH 31, 2020

The shareholder structure did not change significantly during the first half of the 2019/2020 financial year. 73.65 % of the total share capital of MeVis Medical Solutions AG is held by Varex Imaging Deutschland AG, an indirect subsidiary of Varex Imaging Corporation, Salt Lake City, Utah, USA. According to the notifications we have received, other institutional shareholders are HANSAINVEST Hanseatische Investment-GmbH with approx. 5.51 % and Hauck & Aufhaeuser Fund Services S.A. with approx. 3.01 % of the total share capital of MeVis Medical Solutions AG. Accordingly, around 17.83 % of the shares are currently in free float. This information corresponds to the shareholder notifications we have received.

### COMPENSATION PAYMENT

The domination and profit and loss transfer agreement in force between Varex Imaging Deutschland AG and MMS AG obliges Varex Imaging Deutschland AG to make recurring cash payments ("compensation payment") to the outside shareholders for each full financial year for the term of this agreement. This amounts to EUR 1.13 (gross) or EUR 0.95 (net) per share for each full financial year.



# INTERIM MANAGEMENT REPORT H1 2019/2020

## PREAMBLE

This report covers the first half of the 2019/2020 financial year, i.e. the period under review from October 1, 2019 to March 31, 2020. The prior-year figures given below refer to the first half of the 2018/2019 financial year from October 1, 2018 to March 31, 2019. MeVis Medical Solutions AG has prepared its annual financial statements for the 2018/2019 financial year in accordance with the provisions of the German Commercial Code applicable to corporations as well as in compliance with the German Stock Corporation Act. This interim financial statements have also been prepared on this basis.

## BASICS OF THE COMPANY

### STRUCTURE

MeVis Medical Solutions AG (hereinafter also referred to as "MMS AG", "MeVis" or the "Company") was founded in 1997 and commenced business in 1998. 73.65 % of the share capital of MMS AG is currently held by Varex Imaging Deutschland AG, Willich. There is a domination and profit and loss transfer agreement in place between Varex Imaging Deutschland AG, as the controlling company, and MeVis Medical Solutions AG, as the controlled company. Therefore MMS AG is part of the Varex Group through Varex Imaging Deutschland AG under the management of Varex Imaging Corporation, Salt Lake City, Utah, USA.

Varex Imaging Corporation prepares the consolidated financial statements for the largest and smallest group of entities and MMS AG is included in these. The consolidated financial statements are filed with the U.S. Securities and Exchange Commission (SEC) and can be obtained from the head office of the group parent company.

Through a joint venture with Siemens Healthcare GmbH, Munich (hereafter: "Siemens"), MMS AG holds 51 % of MeVis BreastCare GmbH & Co. KG, Bremen, (hereafter: "MBC" or "MBC KG").

### SHORT SUMMARY OF THE BUSINESS ACTIVITIES

MMS AG develops innovative software for analyzing and evaluating image data and sells it to equipment manufacturers of medical devices and providers of medical IT platforms.

Clinical focuses are image-based early detection and diagnosis of epidemiologically important diseases such as breast, lung, liver and neurological disorders. The software applications support many of the imaging modalities available. These not only include X-ray modalities such as computed tomography, digital mammography or digital tomosynthesis, but also magnetic resonance imaging, digital sonography and the simultaneous use of multiple modalities (multimodality). MeVis supplies technologies and software applications for global medical industry leaders, meeting their needs and helping them to strengthen their technological leadership positions.

In addition to the sale of software licenses and related maintenance contracts, MeVis offers services in the field of software programming for medical technology companies (development services). These comprise the provision of software development teams, i.e. software developers, product and project managers, application specialists and test engineers, for the purpose of developing software modules for external customers on a contract basis. Services are also provided to clinical end customers. These include three-dimensional technical visualizations ("MeVis Distant Services"), interactive online training to improve the diagnostic skills of clinicians as well as Internet-based special applications in teleradiology ("MeVis Online Services").

## ECONOMIC REPORT

### BUSINESS DEVELOPMENT

The Company's operating activities consist of the development and sale of software licenses, the associated maintenance business, software programming for medical technology companies (development services) and the provision of services for technical visualizations (distant services) as well as online training.

With around 91 % (prev. year: 92 %) of total sales, the software business, which includes products for the medical technology companies Hologic, Vital Images and Invivo, again accounted for the majority of the Company's total sales in this reporting period.

The first half of the 2019/2020 financial year was again successful for MeVis in terms of its key financial indicators. The Company continued to benefit from Hologic's very good market position in breast cancer screening. Despite increased investments in the workforce and the associated rise in staff costs, the Company was able to generate very good earnings.

### EARNINGS POSITION

In the first half-year, the Company's revenues amounted to € 8,677 k (prev. year: € 8,815 k). 31 % (prev. year: 27 %) of the revenues are attributable to the sale of licenses, 40 % (prev. year: 39 %) to maintenance revenues and 29 % (prev. year: 34 %) to other revenues, which include, among other things, services for and oncharges to affiliated companies and the parent company. The year-on-year improvement in license revenues is mainly due to an increase in licenses sold to the customer Hologic. The slight deterioration in maintenance revenues is mainly due to the reduction in maintenance revenues with the customer Hologic as a result of the decline in newly concluded maintenance contracts. The year-on-year decline in other sales is due to a decline in sales in the area of development services because, as expected, fewer development services were ordered by customers.

Other operating income amounted to € 415 k in the first half-year (prev. year € 433 k). This is mainly composed of income from exchange rate differences amounting to € 318 k (prev. year: € 393 k).

The cost of materials increased to € 361 k (prev. year: € 290 k) and consists mainly of external services in the lung product segment amounting to € 258 k (prev. year: € 81 k), expenses for services purchased from the Fraunhofer MEVIS Institute amounting to € 5 k (prev. year: € 79 k), and materials used in the mammography product segment amounting to € 31 k (prev. year: € 66 k).

The company's staff costs amounted to € 4,304 k in the first half year (prev. year: € 3,782 k). In the year under review, the average number of permanent employees of the company was increased by 8 to 108. The increase in staff costs is therefore primarily due to the higher number of employees and the annual salary increase of approximately 3 %.

Other operating expenses amounted to € 1,396 k in the reporting period (prev. year: € 1,062 k). They comprise expenses from exchange rate differences of € 339 k (prev. year: € 164 k), rental expenses of € 268 k (prev. year: € 215 k), expenses for legal, consulting and auditing services of € 233 k (prev. year: € 212 k), marketing expenses of € 96 k (prev. year: € 102 k), operating expenses of € 64 k (prev. year: € 62 k) and other operating expenses of € 397 k (prev. year: € 307 k).

Earnings before interest and taxes (EBIT) fell from € 3,978 k to € 2,937 k, mainly due to lower sales revenues, higher staff costs and increased other operating expenses.

The Company's net interest result amounts to € 85 k (prev. year: € 84 k), which is made up of interest income from the loan granted to Varex Imaging Deutschland AG and interest expenses from the compounding of pension provisions. This results in earnings before taxes (EBT) of € 3,022 k (prev. year: € 4,062 k).

In the past half-year, income taxes of € 42 k (prev. year: € 0 k) incurred. Taking into account the expenses from the profit to be transferred to Varex Imaging Deutschland AG of € 2,980 k (prev. year: € 4,062 k), the net income for the year amounts to € 0 k (prev. year: € 0 k). It should be noted that the expenses from the profit and loss transfer will not legally arise until the end of the financial year.

## NET ASSETS AND FINANCIAL POSITION

The balance sheet total increased to € 24,876 k (Sept. 30, 2019: € 23,920 k). On the assets side, fixed assets decreased by € 35 k and current assets increased by € 1,076 k. Equity remained constant. Provisions decreased by € 470 k and liabilities increased by € 1,372 k. Deferred income increased by € 55 k.

The equity ratio fell to 72 % (Sept. 30, 2019: 75 %) due to the increase in total assets and constant equity, while the gearing ratio rose accordingly to 28 % (Sept. 30, 2019: 25 %).

Current assets increased by € 1,076 k to € 8,102 k (Sept. 30, 2019: € 7,026 k) as of the balance sheet date. This is attributable to the increase in receivables from affiliated companies due to the rise in trade receivables from Varex Imaging Corporation by € 805 k. On the other hand, cash and cash equivalents increased by € 455 k. In contrast, trade receivables decreased by € 229 k.

The Company's equity remained constant at € 17,826 k (Sept. 30, 2019: € 17,826 k) and is composed of € 1,820 k in subscribed capital (Sept. 30, 2019: € 1,820 k) and € 11,461 k in capital reserves (Sept. 30, 2019: € 11,461 k) as well as the statutory retained earnings of € 5 k (Sept. 30, 2019: € 5 k) and other retained earnings of € 4,540 k (Sept. 30, 2019: € 4,540 k).

Provisions decreased by € 470 k to € 2,017 k compared to the previous year (Sept. 30, 2019: € 2,487 k). A total of € 60 k was allocated to pension provisions. Other provisions decreased to € 1,202 k, partly due to lower personnel provisions. Liabilities increased by € 1,372 k to € 3,124 k (Sept. 30, 2019: € 1,752 k) mainly due to the increase in liabilities to shareholders as of the balance sheet date. Deferred income increased by € 55 k to € 1,909 k due to higher customer prepayments for future services to be provided by the Company compared to the previous year.

The Company's liquid funds (cash on hand, bank balances) increased from € 2,600 k to € 3,054 k in the first half of the year. The positive cash flow was reduced by the remaining payment of € 1,571 k for the profit transfer for the financial year 2018/2019 to the shareholder Varex Imaging Deutschland AG.

Overall, the net assets, financial position and results of operations have developed very satisfactorily.

## OPPORTUNITIES AND RISK REPORT

The disclosures made in the opportunities and risks report of the annual financial statements as of September 30, 2019 continue to apply.

The corona pandemic is expected to have a significant impact on the global economy and the German economy. Overall, we assess the probability of a global recession as very high. As of the balance sheet date, the effects and risks for MeVis Medical Solutions AG are not yet foreseeable or assessable. At this point in time, we cannot rule out the possibility of a greater negative impact on revenues in the further course of the financial year as a result of a decline in demand from industrial customers, hospitals and clinics due to a shift in the priority of new investments.

No liquidity shortfalls are expected in the short term. At present, we cannot detect any negative payment behavior by customers. However, it cannot be ruled out that this could change in the near future.

There could also be delays in our own software development activities as a result of partial closures due to employees who are ill or in quarantine. However, we assume that these possible partial closures will not have any effect on the development and sale of our products as a very large proportion of MeVis employees already work from home.



## OUTLOOK

Despite the potential risks mentioned, we are sticking to our forecast at this point in time: For the 2019/2020 financial year, a significant decline in revenues to between € 15.5 million and € 16.0 million is expected. In addition to the expected decline in sales revenues with the customer Hologic, declining sales revenues are expected in the area of development services, as fewer development services are being provided compared to 2018/2019. Earnings before interest and taxes (EBIT) are expected to decline to € 4.5 million to 5.0 million. The forecasted decline in sales, an expected balanced result from exchange rate differences and an expected decrease in income from investments are the main drivers for the EBIT decline.

As in the previous reporting period, the Executive Board will regularly review its expectations during financial year 2019/2020 based on current business developments.

Bremen, May 27, 2020

A handwritten signature in black ink, appearing to read 'Marcus Kirchhoff', with a stylized flourish at the end.

Marcus Kirchhoff  
CEO

## BALANCE SHEET

of MeVis Medical Solutions AG, Bremen, as of March 31, 2020

| <b>ASSETS</b> (FIGURES IN €)  |                  | <b>Mar. 31, 2020</b> | <b>Sept. 30, 2019</b> |
|---|------------------|----------------------|-----------------------|
| <b>A. Fixed Assets</b>  |                  |                      |                       |
| <b>I. Intangible assets</b>   |                  |                      |                       |
| Concessions, patents, licenses, trade marks and similar rights and assets |                  | 4,476.07             | 18,357.69             |
| <b>II. Tangible assets</b>  |                  |                      |                       |
| Property, plant and equipment   |                  | 222,324.34           | 243,378.72            |
| <b>III. Financial assets</b>  |                  |                      |                       |
| 1. Shares in affiliated companies   |                  | 312,042.00           | 312,042.00            |
| 2. Loans in affiliated companies  |                  | 16,225,211.69        | 16,225,211.69         |
|   |                  | <u>16,537,253.69</u> | <u>16,537,253.69</u>  |
|   |                  | <u>16,764,054.10</u> | <u>16,798,990.10</u>  |
| <b>B. Current Assets</b>  |                  |                      |                       |
| <b>I.</b>   |                  |                      |                       |
| <b>Receivables and other assets</b>                                       |                  |                      |                       |
| 1. Trade receivables  | 2,269,426.31     |                      | 2,497,957.40          |
| 2. Receivables from affiliated companies                                  | 2,718,563.75     |                      | 1,913,897.04          |
| 3. Other assets   | <u>58,796.93</u> |                      | <u>14,239.23</u>      |
|   |                  | 5,046,786.99         | <u>4,426,148.34</u>   |
| <b>II. Cash in hand, credit balances with credit institutions</b>         |                  | 3,054,753.79         | 2,600,250.91          |
|   |                  | <u>8,101,577.94</u>  | <u>7,026,399.25</u>   |
| <b>C. Prepaid expenses</b>  |                  | 10,363.12            | 94,381.77             |
|   |                  | <u>24,875,995.16</u> | <u>23,919,771.12</u>  |

| <b>EQUITY AND LIABILITIES (FIGURES IN €)</b> | <b>Mar. 31, 2020</b> | <b>Sept. 30, 2019</b> |
|--|----------------------|-----------------------|
| <b>A. Equity</b>                             |                      |                       |
| <b>I. Subscribed capital</b>                 |                      |                       |
| Subscribed capital                           | 1,820,000.00         | 1,820,000.00          |
| <b>II. Capital reserve</b>                   | 11,461,332.48        | 11,461,332.48         |
| <b>III. Revenue reserve</b>                  |                      |                       |
| 1. Legal reserve                             | 5,000.00             | 5,000.00              |
| 2. Other revenue reserve                     | 4,539,688.30         | 4,539,688.30          |
|  | <u>4,544,688.30</u>  | <u>4,544,688.30</u>   |
|  | <u>17,826,020.78</u> | <u>17,826,020.78</u>  |
| <b>B. Accruals/Provisions</b>                |                      |                       |
| 1. Accruals for pensions                     | 344,074.04           | 284,074.04            |
| 2. Tax accruals                              | 470,735.35           | 428,735.35            |
| 3. Other accruals                            | 1,202,272.09         | 1,774,407.56          |
|  | <u>2,017,081.48</u>  | <u>2,487,216.95</u>   |
| <b>C. Liabilities</b>                        |                      |                       |
| 1. Payments received on account of orders    | 20,486.82            | 16,476.74             |
| 2. Trade payables                            | 18,012.89            | 10,566.04             |
| 3. Payable to affiliated companies           | 2,979,865.44         | 1,570,939.48          |
| 4. Other liabilities                         | 105,899.94           | 154,466.47            |
|  | <u>3,124,265.09</u>  | <u>1,752,448.73</u>   |
| <b>D. Deferred income</b>                    | <u>1,908,627.81</u>  | <u>1,854,084.66</u>   |
|  | <u>24,875,995.16</u> | <u>23,919,771.12</u>  |

## PROFIT AND LOSS ACCOUNT

of MeVis Medical Solutions AG, Bremen, for the period October 1, 2019 through March 31, 2020

| FIGURES IN €  | 2019/2020    | 2018/2019    |
|---|--------------|--------------|
| 1. Revenues   | 8,677,059.64 | 8,814,836.83 |
| 2. Other operating income   | 415,087.59   | 433,315.02   |
| 3. Cost of material   |              |              |
| a) Cost of purchased goods  | 31,088.94    | 65,588.99    |
| b) Cost of purchased services   | 329,613.33   | 224,404.11   |
|   | 360,702.27   | 289,993.10   |
| 4. Staff cost   |              |              |
| a) Wages and salaries   | 3,578,382.68 | 3,230,397.37 |
| b) Social security and pension expenses   | 726,051.44   | 551,298.40   |
|   | 4,304,434.12 | 3,781,695.77 |
| 5. Depreciation and amortization on intangible fixed assets and tangible assets | 93,702.00    | 135,635.35   |
| 6. Other operating expenses   | 1,396,293.61 | 1,062,106.92 |
| 7. Other interest and similar income  | 89,850.21    | 83,777.60    |
| 8. Interest and similar expenses  | 5,000.00     | 0.00         |
| 9. Taxes on income  | 42,000.00    | 0.00         |
| 10. Net income after tax  | 2,979,865.44 | 4,062,498.31 |
| 11. Profit to be transferred on the basis of a profit transfer agreement        | 2,979,865.44 | 4,062,498.31 |
| 12. Net income / net loss   | 0.00         | 0.00         |

# NOTES TO THE FINANCIAL STATEMENTS

of the half-year financial report of MeVis Medical Solutions AG, Bremen,  
as of March 31, 2020

## BASIC INFORMATION

### GENERAL INFORMATION

The registered office of the Company is in Bremen, Germany. The Company address is: Caroline-Herschel-Strasse 1, 28359 Bremen, Germany. MMS AG is entered in the Commercial Register at Bremen Local Court (HRB 23791 HB).

73.65 % of the share capital of MMS AG is currently held by Varex Imaging Deutschland AG, Willich. There is a domination and profit and loss transfer agreement between Varex Imaging Deutschland AG as the controlling company and MeVis Medical Solutions AG as the controlled company. As a result, MMS AG belongs to the Varex Group via Varex Imaging Deutschland AG under the management of Varex Imaging Corporation, Salt Lake City, Utah, USA.

MeVis Medical Solutions AG has prepared its annual financial statements for financial year 2018/2019 in accordance with the provisions of the German Commercial Code (HGB) applicable to corporations and the German Stock Corporation Act (AktG). These interim financial statements have also been prepared on this basis. These interim financial statements were neither reviewed nor audited in accordance with Section 317 of the German Commercial Code.

### ACCOUNTING AND VALUATION METHODS

In preparing the interim financial statements and determining the comparative figures for the previous year, the same accounting policies were applied as in the 2018/2019 annual financial statements. A detailed description of these methods is published in the notes to the annual financial statements 2018/2019.



## SELECTED NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

### 1. RECEIVABLES AND OTHER ASSETS

All receivables have a remaining term of up to one year.

Trade receivables amounted to € 2,269 k (prev. year: € 2,498 k) as of the balance sheet date and relate primarily to receivables from the customers Hologic, Vital Images and Invivo.

Receivables from affiliated companies include € 116 k (prev. year: € 234 k) in trade receivables from MBC KG and € 2,603 k (prev. year: € 1,680 k) in trade receivables from Varex Imaging Deutschland AG and Varex Imaging Corporation. In addition, receivables from affiliated companies include short-term interest receivables of € 90 k (prev. year: € 0 k) from a loan granted to Varex Imaging Deutschland AG.

Other assets amounted to € 59 k (prev. year: € 14 k) as of the balance sheet date. These relate to receivables of € 58 k (prev. year: € 13 k) for a grant project and deposits of € 1 k (prev. year: € 1 k).

### 2. ACCRUALS/PROVISIONS

Other provisions amount to € 1,202 k (prev. year: € 1,774 k). Of these, a substantial € 266 k (prev. year: € 540 k) is accounted for by bonus provisions and € 175 k (prev. year: € 350 k) by provisions for the 13th salary, € 282 k (prev. year: € 239 k) on holiday and overtime provisions, € 258 k (prev. year: € 277 k) on outstanding invoices and € 155 k (prev. year: € 155 k) on warranty provisions.

### 3. LIABILITIES

In the reporting period, trade payables increased by € 7 k and amounted to € 18 k at the balance sheet date. Liabilities to affiliated companies of € 2,980 k (prev. year: € 1,571 k) relate to the profit transfer under the existing control and profit transfer agreement with Varex Imaging Deutschland AG. The liability will legally only arise at the end of financial year 2019/2020.

### 4. DEFERRED INCOME

This item includes deferred revenue components from multi-component contracts that have already been paid but not realized. In addition, payments received from maintenance contracts are deferred if the corresponding maintenance service has not yet been performed.

### 5. REVENUES

The revenues are divided into the following revenue types:

| FIGURES IN € k                           | Oct. 1, 2019 -<br>Mar. 31, 2020 | Oct. 1, 2018 -<br>Mar. 31, 2019 |
|--|---------------------------------|---------------------------------|
| Maintenance (software service contracts) | 3,441                           | 3,470                           |
| Software and licenses                    | 2,693                           | 2,385                           |
| Services (consulting and training)       | 2,543                           | 2,960                           |
|  | <b>8,677</b>                    | <b>8,815</b>                    |

### 6. OTHER OPERATING INCOME

Other operating income in the first half-year amounted to € 415 k (prev. year: € 433 k). Of this amount, € 318 k (prev. year: € 393 k) is mainly attributable to exchange rate differences. The exchange rate differences are due to the fact that the majority of services are invoiced in US dollars and that liquidity is also held in US dollars. Due to the fact that the Company belongs to the Varex Imaging Group and in line with its corporate policy, no exchange rate hedging transactions are concluded.

## 7. STAFF COSTS

The average number of employees was 108 (prev. year: 100). This corresponds to an average of 95 full-time equivalents (prev. year: 88).

## 8. OTHER OPERATING EXPENSES

Other operating expenses in the first half of the year amounted to € 1,396 k (prev. year: € 1.062 k). These are mainly attributable to expenses from exchange rate differences of € 339 k (prev. year: € 164 k), rental expenses of € 268 k (prev. year: € 215 k), legal, consulting and auditing costs of € 233 k (prev. year: € 212 k) and marketing expenses of € 96 k (prev. year: € 102 k).

## 9. RELATIONSHIPS WITH RELATED PARTIES

The Company carries out transactions with related parties, which are explained below. These are part of the ordinary business activity and are handled as if they were with third parties.

Related parties include the jointly managed companies MBC KG and MBC GmbH, Varex Imaging Deutschland AG and, through these companies, the affiliated companies of the Varex Group, as well as the Executive Board and the Supervisory Board and their close relatives.

The following receivables, liabilities, expenses and income of the Company relate to related parties:

| FIGURES IN € K                               | 2019/2020 |
|--|-----------|
| <b>Parent company</b>                        |           |
| Receivables (from granting of loans)         | 16,315    |
| Receivables (from services)                  | 72        |
| Liabilities (from profit transfer agreement) | 2,980     |
| Income (mainly services and interest income) | 454       |
| Expenses (from profit transfer agreement)    | 2,980     |
| <b>Other affiliated companies</b>            |           |
| Receivables (from services)                  | 2,557     |
| Income (mainly services and interest income) | 1,253     |

## MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no business transactions of particular significance for the Company after the balance sheet date.

## ASSURANCE OF THE LEGAL REPRESENTATIVE

"To the best of my knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the interim financial statements of MeVis Medical Solutions AG give a true and fair view of the assets, liabilities, financial position and profit or loss of the MeVis Medical Solutions AG and the interim management report includes a fair review of the development and performance of the business and the position of MeVis Medical Solutions AG, together with a description of the principal opportunities and risks associated with the expected development of MeVis Medical Solutions AG for the remaining months of the financial year."

Bremen, May 27, 2020

MeVis Medical Solutions AG

A handwritten signature in black ink, appearing to read 'Marcus Kirchhoff', with a stylized flourish at the end.

Marcus Kirchhoff

CEO

# DISCLAIMER

## FORWARD-LOOKING STATEMENT

This report contains forward-looking statements which are based on management's current estimates of future developments. Such statements are subject to risks and uncertainties, which MeVis Medical Solutions AG is not able to control or estimate with any precision, e.g. future market conditions and the general economic environment, the behavior of other market participants, the successful integration of new acquisitions and government acts. If any of these uncertainties or imponderabilities materialize or if the assumptions on which these statements are based prove to be incorrect, this may cause actual results to deviate materially from those expressly or implicitly contained in these statements. MeVis Medical Solutions AG does not intend and is under no obligation to update the forward-looking statements in the light of any events or developments occurring after the date of this report.

## DEVIATIONS FOR TECHNICAL REASONS

Deviations may occur between the accounting data contained in this report and that submitted to the Bundesanzeiger for technical reasons (e.g. conversion of electronic formats). In the case of any doubt, the version submitted to the Bundesanzeiger will prevail.

This report is also available in a German-language version. In case of any doubt, the German-language version takes priority over the English-language one.

The report is available for downloading in both languages in the internet at:

<http://www.mevis.de/en/investor-relations/financial-reports/>

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