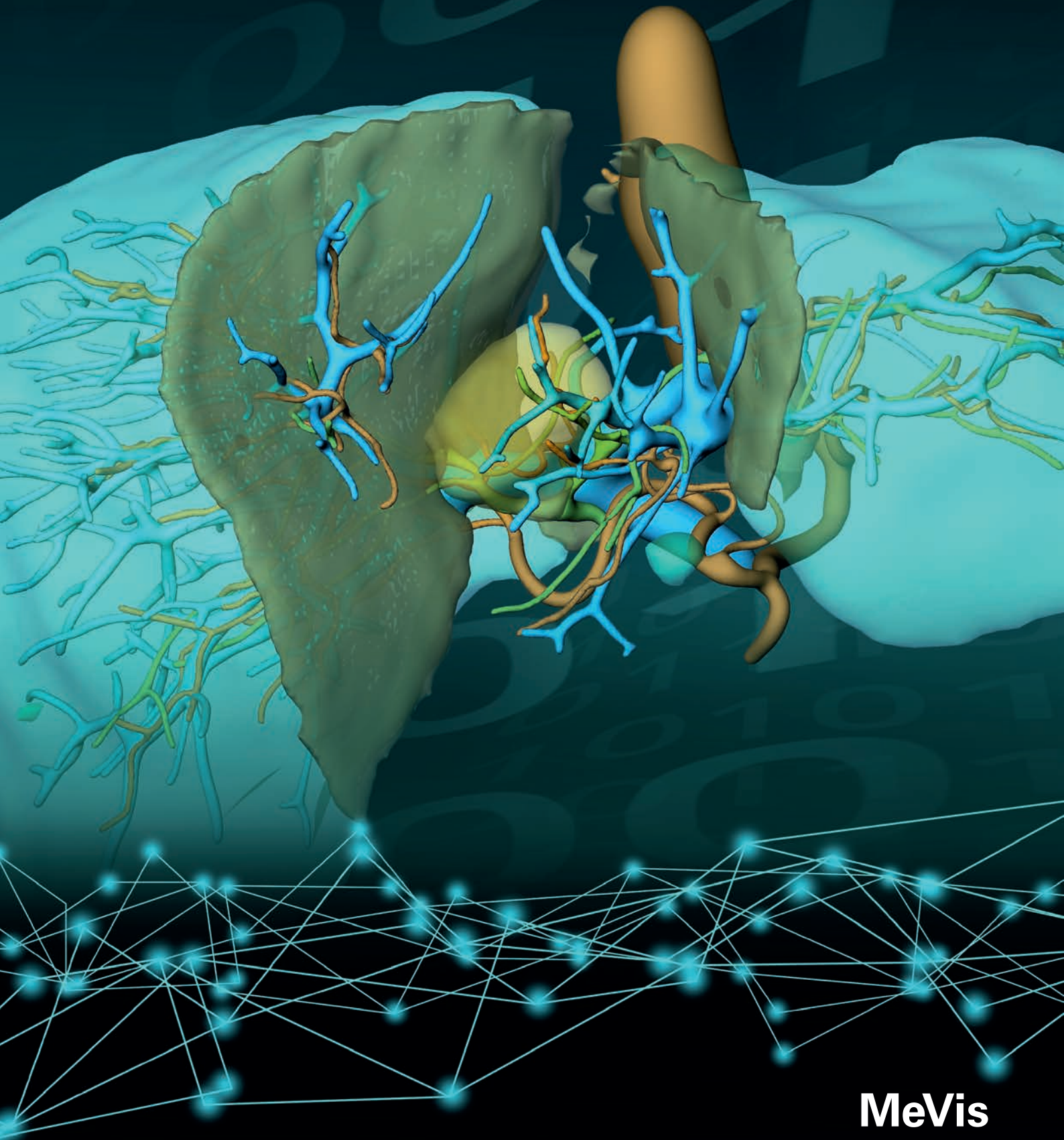


# Annual Report

MeVis Medical Solutions AG

2019/2020



**MeVis**

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## LETTER FROM THE EXECUTIVE BOARD

*Dear Shareholders, Customers and Business Partners,  
dear Employees*

Fiscal year 2019/2020 was a successful year for MeVis from our point of view, despite the global impact of the Corona pandemic. Revenues declined as expected compared to the previous year, with only a slight shift in the composition of revenues. The licensing business was stable compared to the previous year; at the same time, the maintenance business and development services declined as expected. With costs rising slightly, earnings after taxes were down, but still satisfactory.

Details of the key financial figures:

**Revenues** in the past fiscal year 2019/2020 amounted to € 17.1 million (compared to € 18.1 million in fiscal year 2018/2019). Of this figure, 31 % (prev. year: 29 %) relates to sales from license revenues of € 5.3 million (prev. year: € 5.3 million), 36 % (prev. year: 38 %) to sales from maintenance contracts (software service contracts) of € 6.2 million (prev. year: € 6.9 million), and 33 % (prev. year: 33 %) to other sales of € 5.6 million (prev. year: € 5.9 million). The deterioration in revenue compared with the previous year is mainly attributable to the expected decline in maintenance revenue with the customer Hologic and to lower revenue from development services with the customer Varian Medical Systems.

The **results** continue to be satisfactory. **EBIT** (earnings before interest and taxes) of € 5.8 million was generated in 2019/2020, compared with € 8.2 million in 2018/2019. The EBIT margin deteriorated accordingly to 34 % compared with the prior-year figure of 45 %.

As a result of the fiscal unity, only minor **income taxes** of € 0.1 million were incurred in the past fiscal year, identical to the previous year.

This results in **earnings after taxes** of € 5.7 million (33 % margin) for the financial year 2019/2020, compared with € 8.1 million (45 % margin) in 2018/2019. The profit of € 5,704 k will be transferred to Varex Imaging Deutschland AG on the basis of the domination and profit and loss transfer agreement.

We were able to positively continue the transformation in our MeVis business structure. The decline in the Digital Mammography segment will continue to accompany us due to the changes in the cooperation with Hologic. However, Digital Mammography still accounts for the largest share of MeVis' total sales at 58 %.

Development services developed as expected in the past fiscal year, particularly in joint projects with Varian Medical Systems and Varex Imaging Corporation. Here, we are working jointly on medical and industrial software applications relating to both image acquisition and image post-processing.

In addition, we have placed a stronger focus on expanding our expertise in the area of artificial intelligence (AI). The topic and functionality of artificial intelligence will increasingly find its way into our product portfolio.

New business with our lung cancer screening products unfortunately lost some momentum in 2019/2020. The positive demand for the products has not changed, but unfortunately installations of the software in hospitals were postponed last year due to capacity constraints.

In the market of our historical core business with medical software solutions, there continues to be a sustained trend towards integrating the existing IT landscape into a workflow-based overall solution. This makes it more difficult for us to offer added value with our dedicated workflow and diagnostics software. Here, it will be increasingly important that we manage to expand and further commercialize our offerings in cloud-based systems, Software as a Service (SaaS), imaging modules, services and artificial intelligence technology.

For the fiscal year 2020/2021, a significant decline in revenues to € 15.0 million to € 15.5 million compared to the previous year is now expected. In addition to the again expected decline in sales with the customer Hologic, falling sales revenues are expected in the area of development services, as fewer development services will be provided compared to 2019/2020. Earnings before interest and taxes (EBIT) are expected to decline to between

€ 3.5 million and € 4.0 million. The forecast decline in sales, with earnings from exchange rate differences expected to break even, is the main driver of the EBIT decrease. Possible effects of the current Corona pandemic have played a role in the budgeting process. It is very difficult to assess possible impacts.

Due to the Corona pandemic, we are currently all still in a very unfamiliar time for us. Like many other companies around the world, the pandemic has presented MeVis with unexpected challenges. The consequences for our future business development are still not foreseeable in their entirety. However, the impact of the crisis on the world is considerable. The pandemic continues to determine and change the way we live and work: Most employees work from their home offices, business trips have not taken place for about 1 year, personal contact with customers or partners is only possible virtually, and events and trade fairs have been cancelled or are now taking place virtually.

Also this year, against the background of the Corona pandemic, we will hold our planned Annual General Meeting on March 24, 2021 as a virtual meeting, without the physical presence of shareholders and their proxies. But we very much hope to welcome our shareholders again next year at a face-to-face event.

I would like to express my sincere thanks to all employees of the Company for their extraordinary commitment throughout fiscal 2019/2020 and their continued efforts to master the current challenges. I would also like to thank our business partners, customers and shareholders for their trust.

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

Marcus Kirchhoff  
Vorstand

# REPORT OF THE SUPERVISORY BOARD FOR FINANCIAL YEAR 2019/2020

## *Dear Shareholders*

In fiscal year 2019/2020, the Supervisory Board of MeVis Medical Solutions AG continued its trustful and target-oriented cooperation with the Executive Board. In accordance with the duties incumbent on it under the law, the Company's Articles of Association and the Rules of Procedure, it accompanied and monitored the Executive Board in an advisory capacity. The Executive Board regularly informed the Supervisory Board both verbally and in writing about the business situation and development, the current earnings situation, possible risks, planning as well as investments and organizational measures. The Supervisory Board was involved in all important decisions and passed the resolutions required by law, the Articles of Association and the Rules of Procedure. The decisions of the Supervisory Board were based on the reports and proposed resolutions of the Executive Board, which were examined in detail. In fiscal year 2019/2020, the Chairwoman of the Supervisory Board was also in close contact with the Executive Board between the meetings of the Supervisory Board and provided advice on strategy, planning and business development. In addition, she informed herself about significant business transactions. She also informed the other members of the Supervisory Board outside of meetings and discussed current developments with them.

## **CHANGES IN SUPERVISORY BOARD AND EXECUTIVE BOARD**

During the reporting period, the Supervisory Board of the Company consisted of Mrs. Kimberley Honeysett (Chairwoman) and Mr. Matthew Lowell. Mr. Clarence Verhoef (Vice Chairman) resigned from the Supervisory Board for personal reasons as of September 23, 2020. By resolution of the Bremen District Court, Mr. Sunny Sanyal, Chief Executive Officer of Varex Imaging Corporation, was appointed as a member of the Supervisory Board effective September 24, 2020. He was elected as Deputy Chairman by the Supervisory Board. His mandate expires with the new election of the Supervisory Board by the Annual General Meeting scheduled for 2021. No committees were formed.

There were no changes in the Executive Board in the year under review: Mr. Marcus Kirchhoff heads the Company as sole member of the Executive Board.

## **SUMMARY OF THE MEETINGS OF THE SUPERVISORY BOARD**

The Supervisory Board held four ordinary meetings in fiscal year 2019/2020, each with the participation of the Executive Board. In addition to the Company's results of operations, financial position and net assets, the main focus in the year under review was on the general market development and the opportunities and risks arising from it for the Company. A further focus was on the expansion of existing customer relationships and the establishment of new ones and the expansion of the product portfolio, cooperation in the product area with solutions from Varex and also the expansion in the area of artificial intelligence. A challenge, particularly in the second half of the year, was the spreading corona pandemic and its potential impact on the Company's economic development.

The meeting on January 15, 2020, focused on the adoption and approval of the annual financial statements, the report of the Supervisory Board for fiscal year 2018/2019 and the results of the audit conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen. To this end, the Executive Board presented the annual financial statements and management report of MeVis Medical Solutions AG for the 2018/2019 fiscal year prepared in accordance with the provisions of the German Commercial Code (HGB). The meeting was attended by the Executive Board as well as the responsible auditor of the annual financial statements, who reported in detail to the Supervisory Board on the material results of the audit. Following the meeting, the annual financial statements were approved and thus adopted by the Supervisory Board. The agenda of the annual general meeting of MeVis Medical Solutions AG, which was originally planned to be held on March 19, 2020, including the necessary proposals for resolutions to the Annual General Meeting, was also passed.

The meeting on March 19, 2020 was held as a video conference due to travel restrictions caused by the corona pandemic. The Executive Board reported in detail on the current business situation of the Company, including the net assets, financial position, results of operations and the risk report. At this meeting, the Supervisory Board examined the efficiency of its activities on the basis of a questionnaire and carried out a self-assessment. A further item on the agenda was the impact of the current corona pandemic on the Company. The Supervisory Board took note of the report of the Executive Board on its short-term measures, such as the extension of home office regulations to protect the health of all employees. The Executive Board and the Supervisory Board agree that the health of the employees has the highest priority over economic considerations. The Supervisory Board also took note and approved the decision of the Executive Board to cancel the Annual General Meeting and to hold a virtual meeting at a later date.

In the meeting on July 8, 2020, which was also held as a video conference, the Supervisory Board dealt with the reporting of the Executive Board on the business situation of the Company, including the net assets, financial position and results of operations for the first nine months. The Executive Board reported on the Company's Annual General Meeting, which the Supervisory Board did not attend by way of exception, since the Annual General Meeting was held as a virtual event. Furthermore, existing business relationships were discussed and new projects in the field of artificial intelligence and other innovative business ideas were presented. As in the last meeting, the effects of the corona pandemic on the Company were discussed. The economic challenges caused by the pandemic, the measures taken and possible scenarios for future development were discussed in detail.

In the meeting on September 28, 2020, which was again held as a video conference, the focus was on the report of the Executive Board on the current business development, the Company's situation and the further effects of the corona pandemic, as well as on the discussion and approval of the business plan for fiscal year 2020/2021. Furthermore, the meeting dates for fiscal year 2020/2021 were coordinated and the financial calendar was presented.

## **CORPORATE GOVERNANCE**

The Executive Board and Supervisory Board support the initiative of the Government Commission on the German Corporate Governance Code, which summarizes the standards of good and responsible corporate governance, and jointly issue a regularly updated Declaration of Conformity pursuant to Sec. 161 of the German Stock Corporation Act (AktG). A detailed presentation of corporate governance at MeVis including the information on Sec. 289f of the German Commercial Code (HGB), the Supervisory Board's objectives for its future composition and the most recent Declaration of Conformity issued jointly by the Supervisory Board and the Executive Board on September 9, 2020 can be found in the Corporate Governance Statement in the present annual financial statements or published on the Company's website. The Supervisory Board has examined these statements and explanations, which it considers to be complete, and adopts them as its own.

Conflicts of interest on the part of members of the Executive Board and Supervisory Board, which had to be disclosed to the Supervisory Board and about which the Annual General Meeting had to be informed, did not occur in fiscal year 2019/2020 either.

The members of the Supervisory Board undertake the training and further training measures required for their tasks on their own responsibility. They regularly inform themselves through internal and external sources about the current requirements for their activities and about significant developments, e.g. relevant changes in legislation and jurisdiction as well as changes in accounting and auditing. In doing so, they receive appropriate support from MeVis Medical Solutions AG.

## **FINANCIAL STATEMENTS**

The annual financial statements and management report of MeVis Medical Solutions AG for the 2019/2020 fiscal year prepared in accordance with the accounting regulations of the German Commercial Code (HGB) were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, the auditors elected by the shareholders at the Annual General Meeting and appointed by the Supervisory Board, and were issued with an unqualified audit certificate. The annual financial statements and the management report for the 2019/2020 fiscal year were submitted to the Supervisory Board by the Executive Board in good time together

with the corresponding audit report and were examined by the Supervisory Board. The annual financial statements and the management report for the 2019/2020 fiscal year were discussed in detail between the Supervisory Board and Executive Board at the Supervisory Board meeting on January 20, 2021. The Supervisory Board had the opportunity to consult with the auditor, who attended the meeting. The Supervisory Board had no objections to the annual financial statements prepared by the Executive Board in accordance with HGB as at 30 September 2020 and approved it by circular resolution following the meeting. The annual financial statements according to HGB are thus adopted.

## **THANK YOU**

The Supervisory Board would like to thank the retiring member Clarence Verhoef for his commitment to the benefit of the Company and wishes him all the best for his future.

The Supervisory Board would also like to thank the Executive Board and all employees for their personal commitment and their achievements in fiscal 2019/2020 and the shareholders for the confidence they have placed in MeVis Medical Solutions AG.

For the Supervisory Board

Kimberley E. Honeysett  
(Chairperson)

# CORPORATE GOVERNANCE STATEMENT

## (CORPORATE GOVERNANCE REPORT)

Corporate Governance stands for responsible, transparent corporate management and control geared towards long-term value creation. The Executive Board and Supervisory Board report annually on the Corporate Governance of the Company. We have consolidated the Corporate Governance Statement pursuant to Sec. 289f of the German Commercial Code (HGB) with the Corporate Governance Report. It includes the Declaration of Conformity with the German Corporate Governance Code (GCGC) in accordance with Sec. 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices and the description of the working methods of the Executive Board and Supervisory Board and their composition, the definition of target figures pursuant to Sec. 76 (4) and Sec. 111 (5) of the German Stock Corporation Act (AktG) and information on the achievement of target figures. The principles of corporate governance and the Corporate Governance Statement are also made available on the Internet at [www.mevis.de/investor-relations/corporate-governance/](http://www.mevis.de/investor-relations/corporate-governance/).

### DECLARATION OF CONFORMITY PRUSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Since issuing the last declaration of conformity on September 9, 2019, MeVis Medical Solutions AG has complied with the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 with the exceptions stated and explained in the declaration dated September 9, 2019.

For the period from September 9, 2020, the Executive Board and the Supervisory Board declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that MeVis Medical Solutions AG complies with the recommendations of the German Corporate Governance Code in the version dated December 16, 2019 (GCGC) with the following exceptions and will continue to do so in the future:

#### **C.1 sentence 5, C.6, C.9, C.10 sentence 2 Independence of Supervisory Board members**

The Supervisory Board of the Company consists of three members. Since the last Supervisory Board election, all Supervisory Board seats have been filled by persons employed by Group Companies of Varex Imaging Corporation. Varex Imaging Corporation holds the majority of shares in the Company through Varex Imaging Deutschland AG. In addition, a domination and profit and loss transfer agreement exists between Varex Imaging Deutschland AG and the Company. Accordingly, in deviation from C.1 sentence 5, C.6, C.9, C.10 sentence 2 GCGC, the Supervisory Board does not include any members who are independent of a controlling shareholder. From the Company's point of view, the complete composition of the Supervisory Board with members attributable to the majority shareholder is appropriate in view of the Company's integration into the Varex Group.

#### **D.2 to D.5, D.11, C.10 sentence 1 Supervisory Board Committees and cooperation with the auditor**

In deviation from D.2 sentence 1, the Supervisory Board of the Company waives the formation of committees with sufficient expertise. In particular, in deviation from D.3 and D.5, neither an audit committee nor a nomination committee has been formed to date. The Supervisory Board is of the opinion that the establishment of such committees is neither necessary nor expedient due to the specific circumstances of the Company, in particular the size of the Supervisory Board (three members), which allows for efficient work. Accordingly, in deviation from D.2 sentence 2, the members of the committees are not named in the Corporate Governance Statement. Furthermore, in deviation from D.4, there is no chairperson of the Audit Committee, so that recommendation C.10 sentence 1 cannot apply in this respect. Contrary to D.11, the quality of the audit of the financial statements is not regularly assessed by an audit committee but by the Supervisory Board itself.

#### **F.2 Transparency and external reporting**

MeVis Medical Solutions AG deviates from the recommendations concerning the publication deadlines for the annual financial report and the half-yearly financial report. The Company considers the corresponding statutory requirements to be sufficient.

**G.1, G.3, G.6 to G.11, G.13 sentence 1 Compensation of the Executive Board**

G.1 and G.6 to G.11 contain recommendations on variable compensation, which are deviated from as the Company does not grant variable compensation to the Executive Board. The Supervisory Board has decided to eliminate the variable remuneration component as of the beginning of fiscal year 2017/2018. The sole member of the Company's Executive Board is also a member of the Executive Board of Varex Imaging Deutschland AG, which holds a majority stake in the Company and with which a domination and profit and loss transfer agreement exists. There, the Executive Board member receives variable remuneration based on the Group's performance. Due to the domination and profit and loss transfer agreement, the success of the Company is no longer an indicator for the success of the entrepreneurial activities from the point of view of the Supervisory Board, so that a variable compensation no longer seems reasonable to the Supervisory Board.

In deviation from G.3, the Supervisory Board refrains from using a suitable peer group of other companies in order to assess whether the concrete total compensation of the members of the Executive Board is customary in comparison to other companies, since the Company's integration into the Varex Group makes it difficult to define a suitable peer group.

In deviation from C.13 sentence 1, no severance payment cap is currently provided for in Executive Board contracts. In the view of the Supervisory Board, the existing provisions in the Executive Board contracts comply with the requirement of appropriateness. The agreement of a severance payment cap contradicts our basic understanding of a, Executive Board contract that is concluded for the duration of the appointment period and cannot be terminated ordinarily.

**G.17 Remuneration of the Supervisory Board**

In accordance with the resolution of the Annual General Meeting on June 7, 2016, and the corresponding amendment to the Articles of Association, the members of the Supervisory Board will not receive any remuneration from the Company for fiscal years beginning after January 1, 2016. As a precautionary measure, it is pointed out that, contrary to section G.17 GCGC, the chairperson and deputy chairperson of the Supervisory Board cannot be recognized in the compensation.

**BODIES OF THE COMPANY**

The Executive Board, Supervisory Board and shareholders' meeting are the bodies of the Company according to law and statutes. As a public company, the MeVis Medical Solutions AG has a dual management system, which is characterized by a clear separation between the Executive Board, as the management body and the Supervisory Board as the supervisory body.

**THE EXECUTIVE BOARD AND ITS PROCEDURES**

The Executive Board manages the Company on its own responsibility with the aim of creating sustainable value. It runs the Company in accordance with the statutory provisions, the Company's articles of association and the rules of procedure for the Executive Board, and works in good faith with the other executive bodies. The Executive Board sets out the corporate objectives and strategies and, based on them, determines the corporate policy.

Currently, the Executive Board of MeVis Medical Solutions AG consists of one person, Mr. Marcus Kirchhoff. His contract was extended after the balance sheet date until March 2026. An extension of the Executive Board is currently neither planned nor foreseen. For this reason, the Supervisory Board has set the target for the share of women on the Executive Board at 0 % until December 31, 2025. Already when considering potential candidates for all future appointments of members of the Executive Board, the Supervisory Board will of course take qualified women into account.

Only those who have not yet reached the age of 65 should be members of the Executive Board. The age of the members of the Board of Managing Directors must therefore be taken into account accordingly in their term of appointment.

The Executive Board is responsible for the management of the Company. Important decisions of the Executive Board are generally recorded in minutes. At least once a month, internal consultations take place between the

Executive Board and middle management. The Supervisory Board has issued rules of procedure for the Board of Management that summarize all procedural rules and transactions requiring approval in a catalog.

Long-term succession planning is based on regular discussions between the Executive Board and the Supervisory Board and discussion of the issue within the Supervisory Board. This involves discussing contract terms and renewal options for current members of the Executive Board and advising on possible successors should the need arise.

## THE SUPERVISORY BOARD AND ITS PROCEDURES

According to the Articles of Association, the Supervisory Board consists of three members elected by the shareholders and meets at least twice every six months. As a rule, the Executive Board attends the meetings of the Supervisory Board and reports in writing and orally on the individual items on the agenda and answers questions of the Supervisory Board members. The Executive Board and the Supervisory Board work closely together in the interests of the Company. On certain topics, the members of the Supervisory Board also exchange information outside the official Supervisory Board meetings or pass resolutions by circular resolution. The Supervisory Board has issued rules of procedure for itself and regularly reviews the efficiency of its activities as part of a self-assessment. A company-specific questionnaire is used as a basis for discussion, which covers the aspects essential for a self-assessment, such as the course and organization of meetings, the scope of submissions and information flows. The results from the questionnaire and suggestions for improvement are openly discussed.

The members of the Supervisory Board undertake the training and further training measures required for their tasks on their own responsibility. They regularly inform themselves through internal and external sources about the current requirements for their activities and about significant developments, e.g. relevant changes in legislation and jurisdiction as well as changes in accounting and auditing. In doing so, they are given appropriate support by MeVis Medical Solutions AG.

The Supervisory Board's annual report summarizes its activities in the past financial year.

## COMPETENCE PROFILE OF THE SUPERVISORY BOARDS AND SPECIFIC OBJECTIVES FOR THE COMPOSITION

The Supervisory Board of MeVis Medical Solutions AG has drawn up a competence profile for the entire Supervisory Board and sets out specific objectives for its composition:

The Supervisory Board of MeVis Medical Solutions AG is to be composed in such a way that its members as a whole have the knowledge, skills or specialist experience required to properly perform their duties. In this connection, it should be noted that not every single member of the Supervisory Board must possess all the necessary skills, but that the individual knowledge and skills of the individual members may complement each other. The Supervisory Board of MeVis Medical Solutions AG should be composed of personalities, so that it provides a range of competencies in its entirety in order to ensure comprehensive and effective advice and supervision of the Executive Board with regard to the business activities of MeVis Medical Solutions AG. In doing so, each member of the Supervisory Board shall be able to devote the time required to properly fulfill his or her Supervisory Board mandate.

In the opinion of the Supervisory Board, key areas of expertise are:

### Corporate Governance/Management

The Supervisory Board of MeVis Medical Solutions AG should have a reasonable number of members with experience in the management and/or supervision of a medium-sized or large company. This includes knowledge of the basic principles of accounting, risk management, internal control mechanisms, compliance and regulatory and legal issues.

### Industry-specific experience

MeVis Medical Solutions AG is active in the field of software development in medical technology. The Supervisory Board should include an appropriate number of members who have sufficient knowledge or professional experience to understand this area.

**Internationality**

MeVis Medical Solutions AG operates internationally. For this reason, the Supervisory Board should include an appropriate number of members who have a particular connection to international markets or experience in the management of international companies/organizations on account of their education and/or professional experience.

**Financial knowledge**

The Supervisory Board as a whole must have financial expertise, especially in the areas of accounting, financial reporting and auditing. The Supervisory Board shall include at least one member who has expertise in the fields of accounting or auditing in accordance with Section 100 (5) AktG.

**Corporate Governance/Law/Compliance**

Compliance with the law, internal guidelines and fair dealings with colleagues, business partners and competitors is a top priority for MeVis Medical Solutions AG. The Supervisory Board of MeVis Medical Solutions AG should comprise an appropriate number of members with in-depth knowledge of corporate governance, compliance and compliance management systems and an understanding of relevant legal issues.

**Capital market**

As a listed company, the Supervisory Board of MeVis Medical Solutions AG should have an appropriate number of members with knowledge of the capital market and capital market communications. In this way, the Supervisory Board should also be able to respond to the capital market's heightened need for communication.

**OBJECTIVES REGARDING THE COMPOSITION OF THE SUPERVISORY BOARD**

The Supervisory Board has set the following objectives:

- Supervisory Board members should not hold office for longer than the end of the Annual General Meeting following their 75th birthday.
- The Supervisory Board shall be composed of at least 30 % women and 30 % men.
- A Supervisory Board member who is not a member of the Executive Board of a listed company shall not hold more than five Supervisory Board mandates in total in listed companies which are not part of the Company's group.
- A Supervisory Board member who is also a member of the Executive Board of a listed company shall not hold more than two Supervisory Board mandates in total in listed companies which do not belong to the Company's group.
- No more than two former members of the Company's Executive Board may be members of the Supervisory Board.

In its current composition, the Supervisory Board considers the aforementioned objectives to be largely met. The diversity in the Supervisory Board is reflected in particular by the different professional backgrounds and areas of activity as well as the different horizons of experience of the individual members, which complement each other very well in their entirety. The Supervisory Board currently consists of three members, one of whom is a woman. No personnel changes are currently planned or foreseen. The current composition therefore corresponds to the agreed competence profile and the objectives for the composition of the Supervisory Board.

At this point it is pointed out that the Supervisory Board currently consists of three members who are employed by Varex Imaging Corporation. Varex Imaging Corporation holds the majority of shares in the Company through Varex Imaging Deutschland AG. A control and profit and loss transfer agreement exists between the Company, as the controlled company, and Varex Imaging Deutschland AG, as the controlling company. Accordingly, there are no longer any independent members of the Supervisory Board. From the Company's point of view, the complete composition of the Supervisory Board with members attributable to the majority shareholder is appropriate in view of the Company's integration into the Varex Group.

## CORPORATE GOVERNANCE PRACTICES

Corporate governance of MeVis Medical Solutions AG, as a listed German stock corporation, is dictated first and foremost by the German Stock Corporation Act and the recommendations of the current Corporate Governance Code.

Being a manufacturer of medical software products, the statutory provisions of the German Medical Devices Act (MPG), the European directive on medical products (93/42/EEC), the Canadian Medical Devices Regulation (SOR/98-282), the Australian Therapeutic Goods Act (TGA), the Korean Good Manufacturing Practice (KGMP) and the US Code of Federal Regulations (21 CFR Part 820 - Quality System Regulation) as well as the requirements of the ISO 13485 standard (Medical devices - Quality management systems - Requirements for regulatory purposes) apply to the Company. Quality and quality management are cornerstones of our corporate governance. The quality management system is geared toward meeting our quality objectives as well as the quality requirements and expectations of our customers in relation to safety and performance, handling, availability, efficiency and punctuality.

The Company's quality management system is certified to EN ISO 13485:2012 + AC 2012 by the notified body MEDCERT (ID-number 0482) in the development, manufacturing, final inspection and sale of software for diagnostic evaluation of medical image data as well as intervention support. In addition, the quality management system of the Company is certified by DQS Medizinprodukte GmbH in the above mentioned areas according to EN ISO 13485:2016 in compliance with MDSAP Audit Model Edition 2 (for Australia, Canada, USA).

The management of MeVis Medical Solutions AG is also characterized by flat hierarchies with only one management level below the Executive Board, quick decision-making and team-oriented cooperation.

When filling management positions the qualification of candidates is the decisive criterion for the Executive Board of MeVis Medical Solutions AG. However, MeVis Medical Solutions AG pays attention to diversity and in particular the appropriate consideration of women when filling management positions. MeVis Medical Solutions AG welcomes efforts to increase the proportion of women in management positions and will continue to promote female employees in accordance with their qualifications and skills at all levels and in all areas of responsibility. Women currently account for 35 % of the total workforce of MeVis Medical Solutions AG. Today, 33 % of the management positions at the management level below the Executive Board are occupied by women. According to this, we have reached our goal of filling at least 30 % of management positions with women by the end of 2020.

We aim to fill 50 % of management positions with women in the future or by the end of 2025.

## REMUNERATION OF EXECUTIVE BODIES

MeVis Medical Solutions AG complies with the recommendations of the German Corporate Governance Code to disclose the remuneration paid to the Executive Board. The remuneration report is part of the management report and also forms part of the corporate governance report.

The members of the Supervisory Board will not receive any remuneration from the Company for fiscal years commencing after January 1, 2016. Accordingly, no Supervisory Board compensation is disclosed individually in the notes or in the management report.

Further explanations and details of the remuneration of the Executive Board and Supervisory Board are provided in the remuneration report in the notes.

## TRANSPARENCY

To ensure maximum possible transparency, MeVis Medical Solutions AG regularly and promptly informs the capital market, the shareholders and the general public of the Company's financial situation as well as new circumstances and events of importance.

The financial statements and half-year interim reports are published within the deadlines stipulated for companies listed in the General Standard of the regulated market: within a period of four months for the annual financial statements and within a period of three months in the case of the half-year financial reports.

Insider information concerning the Company is published immediately in accordance with Article 17 (1) of the Market Abuse Regulation (EU) No. 596/2014 (MAR). Shareholders and potential investors can obtain timely

information about current events and new developments on the Internet. All press releases and ad-hoc announcements of MeVis Medical Solutions AG are published on the Company's website. Up to and including 2020, MeVis Medical Solutions AG participated in at least one analyst conference per year. Material and in part recurring events are published in the financial calendar on the Company's website.

## **COMPLIANCE**

Compliance describes the adherence to legal, internal and contractual regulations in companies. The entirety of the principles and measures for observing certain rules and thus avoiding violations of rules is referred to as a compliance management system.

For MeVis Medical Solutions AG, compliance with laws, internal guidelines and fair dealings with colleagues, business partners and competitors is an indispensable basis for successful business. It currently has a compliance management system in place which is commensurate with the size of the Company and its risk situation. This is the responsibility of the compliance officer, who reports directly to the Executive Board.

The internally introduced Compliance Policy is binding for all employees, gives them an orientation for responsible conduct in everyday business and is intended to protect them from making the wrong decisions. The policy is published on the Company's intranet, employees and managers are continuously informed and sensitized about compliance and can also seek advice from the Compliance Officer at any time.

In addition, MeVis Medical Solutions AG has also been linked to the external whistleblower system already in place within the Varex Group. This gives employees the opportunity to provide protected information on legal violations within the Company.

## **ANNUAL GENERAL MEETING AND SHAREHOLDERS**

The Annual General Meeting of MeVis Medical Solutions AG is convened at least once a year. Each share entitles the holder to one vote in the voting at the Annual General Meeting. Every shareholder who registers in due time is entitled to participate in the Annual General Meeting or has the possibility to have his voting rights exercised by a bank, a shareholders' association, the proxies appointed by MeVis Medical Solutions AG and bound by instructions or any other authorized representative.

The invitation to the Annual General Meeting as well as the reports and information required for the adoption of resolutions are published in accordance with the provisions of the German Stock Corporation Act and made available on the Company's website.

## **RISK MANAGEMENT**

For MeVis Medical Solutions AG, dealing with risks in a responsible manner is a key element of good corporate governance. The Executive Board has installed an appropriate risk management and risk control system in the Company in order to identify, evaluate, monitor and control the risks arising from operating activities at an early stage. The Executive Board informs the Supervisory Board regularly about the current status of significant risks. The risk management system is continuously reviewed in accordance with the latest developments and adjusted where necessary. Further details and information on risk management can be found in the risk report of the annual financial report.

## **ACCOUNTING AND AUDITING**

MeVis Medical Solutions AG prepares its statutory annual financial statements and management report as well as its half-year financial report in accordance with the accounting provisions of the German Commercial Code. Quarterly reports or quarterly announcements are no longer prepared and published.

The financial statements are prepared by the Executive Board and reviewed by the Supervisory Board. The Supervisory Board has engaged the auditor appointed by the Annual General Meeting for financial year 2019/2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, to audit the annual financial statements for financial year 2019/2020. In doing so, it is ensured that no conflicts of interest impair the work of the auditor.

The audits of the annual financial statements for the 2018/2019 financial year were also carried out by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, in accordance with the generally accepted German auditing standards established by the Institut für Wirtschaftsprüfer (IDW).

### **DIRECTORS' DEALINGS**

In accordance with Article 19 of the Market Abuse Regulation (EU) No. 596/2014 (MAR), the members of the Executive Board and the Supervisory Board of the Company as well as persons closely related to them are required to disclose own dealings (directors' dealings) in shares and debt instruments of MeVis Medical Solutions AG or related financial instruments (e.g. derivatives) traded on the financial markets if the value of the transactions reaches or exceeds € 5,000 in a calendar year. The Company publishes any such notifications on its website without delay. In the period under review, the Company received no notifications of directors' dealings. As of the balance sheet date, neither the member of the Executive Board nor the members of the Supervisory Board held shares in MeVis Medical Solutions AG.

## MEVIS SHARE

As of September 30, 2020	
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 Sept. 30, 2020	€ 31.80
Last quotation (XETRA) on Sept. 30, 2019	€ 29.80
High/Low (XETRA) in 2019/2020	€ 37.60 / € 26.80
Market capitalization	€ 57.876 Mio.
General Standard (regulated market))	Frankfurt and Xetra
Over-the-counter markets	Berlin, Dusseldorf, Munich, Stuttgart
Indices	CDAX, General All-Share, DAXsector All Software

### STOCK MARKET YEAR 2019/2020

Despite all the political crises and fears of a global recession, the stock market year 2019 was more than pleasing. After a weak stock market year in 2018, we saw a decent recovery in share prices over the course of 2019. The DAX gained 25.5 percent, more than making up for the previous year's loss of 18.3 percent. In addition to hopes of an economic recovery in the second half of the year, monetary policy and hopes of a settlement of the trade dispute between the USA and China also played an important role in the improved mood. The stock market year 2020 got off to a turbulent start: In February/March 2020, the stock markets plummeted. The reason for the sharp price falls was the global spread of the "Covid-19" coronavirus and the economic impact of the measures taken to contain the virus: Travel warnings with a slump in the tourism industry, halted productions, cancelled events and massively restricted trade and services not only in Germany, but throughout Europe and worldwide. With the withdrawal of the measures in April/May, prices recovered, but with strong fluctuations. The economy was slowly rolling along again and, in addition, there were government aid measures worldwide that added up to several trillion euros and supported the markets.

In fiscal year 2019/2020, the German stock market, as measured by the DAX benchmark index, rose by around 2.7 % to close at 12760 points at the end of September 2020, compared with 12428 points at the end of September 2019. The SDAX rose by 13 % and the TecDAX by 9 % over the course of the fiscal year.

### MEVIS SHARE PRICE DEVELOPMENT



In XETRA electronic stock market trading, the share's highest price during fiscal year 2019/2020, from Oct. 1, 2019 to Sept. 30, 2020, was € 37.60 and its lowest price was € 26.80. MeVis Medical Solutions AG ended the fiscal year with a closing price of € 31.80 (XETRA) compared to € 29.80 at the end of September 2019. Thus, the value of the MeVis share at the end of fiscal 2019/2020 increased slightly by 7 % compared to the closing price at the end of fiscal 2018/2019. Taking into account 1,820,000 shares outstanding, the market capitalization amounted to approximately € 57.9 million. The number of registered securities accounts with 597 securities accounts as of September 30, 2019, increased again slightly compared to the end of September 2019 (571 securities accounts).

The Annual General Meeting scheduled for March 19, 2020 was cancelled with a view to the welfare and health of shareholders and all stakeholders and in compliance with the orders of the competent health authorities regarding the holding of public events and was held as a virtual Annual General Meeting in June 2020.

## SHAREHOLDER STRUCTURE

As of the balance sheet date, 73.66 % of the total share capital of MeVis Medical Solutions AG was held by Varex Imaging Deutschland AG, an indirect subsidiary of Varex Imaging Corporation, Salt Lake City, Utah, USA. According to the shareholder notifications received by us, further institutional shareholders are HANSAINVEST Hanseatische Investment-GmbH with approx. 5.51 % and Hauck & Aufhauser Fund Services S.A. with approx. 3.01 % of the total share capital of MeVis Medical Solutions AG. Thus, around 17.82 % of the shares are currently in free float.

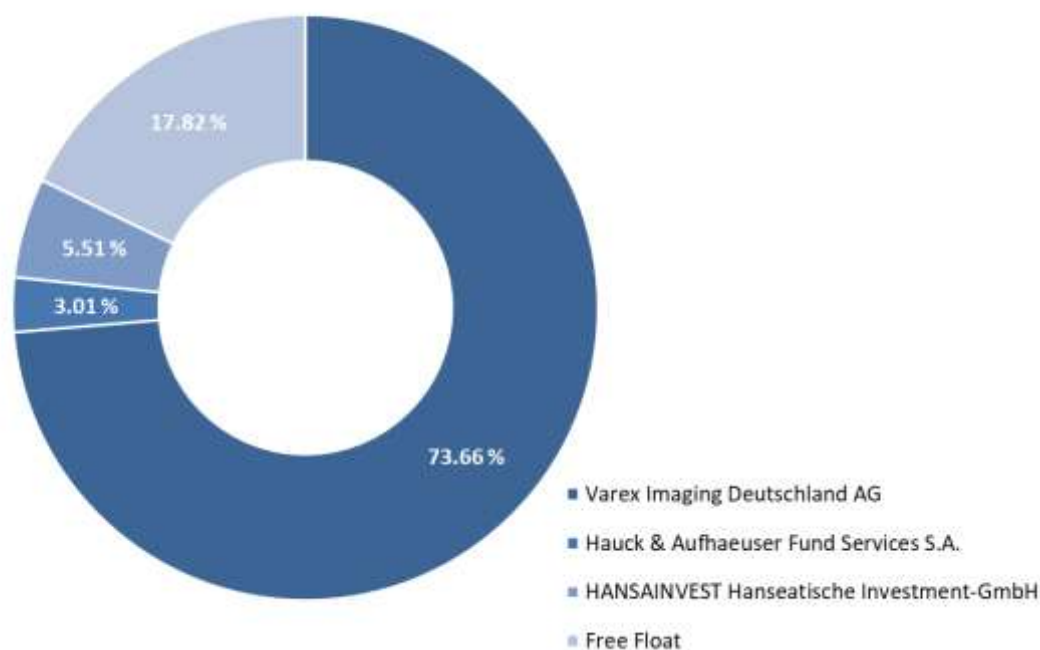


Abb.: Aktionärsstruktur zum 30. September 2020  
(Die Angaben entsprechen den uns zugewandten Aktionärsmitteilungen.)

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

# MANAGEMENT REPORT FOR FISCAL YEAR 2019/2020

## PREAMBLE

This report covers the reporting period October 1, 2019 through September 30, 2020. Prior year amounts shown below are for fiscal year 2018/2019 from October 1, 2018 through September 30, 2019.

## BASICS OF THE COMPANY

### ORGANISATION

MeVis Medical Solutions AG (hereinafter also referred to as "MMS AG", "MeVis" or the "Company") was founded in 1997 and commenced operations in 1998. 73.66 % of the share capital of MMS AG is currently held by Varex Imaging Deutschland AG, Willich. A domination and profit and loss transfer agreement is in place between Varex Imaging Deutschland AG, as the controlling company, and MeVis Medical Solutions AG, as the controlled company. Via Varex Imaging Deutschland AG, MMS AG thus belongs to the Varex Group headed by Varex Imaging Corporation, Salt Lake City, Utah, USA.

As part of a joint venture with Siemens Healthcare GmbH, Munich, (hereinafter referred to as "Siemens"), MMS AG holds a 51b% stake in MeVis BreastCare GmbH & Co. KG, Bremen, (hereinafter also "MBC" or "MBC KG").

### BUSINESS ACTIVITIES

MMS AG develops innovative software for the analysis and evaluation of image data and markets it to manufacturers of medical devices, providers of medical IT platforms and, in parts, also to clinical end customers.

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.

Besides 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. The teams support external customers in the development of software modules or applications and in the integration of new functions and new technologies, such as algorithms based on artificial intelligence. Likewise, services are provided to clinical end users. These include three-dimensional technical visualizations ("MeVis Distant Services"), interactive online training to improve the diagnostic skills of clinicians and internet-based special applications in teleradiology ("MeVis Online Services").

Whereas in the early years MeVis devoted its attention to image-based early detection and diagnosis of breast cancer, today MeVis uses its clinical expertise, specialist knowledge in the field of breast cancer, innovative technologies and its network of partner companies to successively develop software applications for use in other oncological diseases. The individual product areas are described in detail below:

#### Breast products

The various MeVis software products for breast cancer detection support the analysis and display of images from mammography screening and other imaging procedures for early and rapid diagnosis. Developed through many years of experience in the field of software-based analysis of imaging studies and expertise in workflow, computer-aided diagnosis and system integration, the applications offer optimal conditions for detecting and treating breast cancer as early as possible. Aimed at meeting customer needs especially in terms of display and reading speed even when many patients and large amounts of data are involved, MeVis provides programmable

workflow capabilities through special keyboards, computer-aided diagnosis and optional organization of separate diagnostic opinions linked closely to radiology information systems (RIS) and picture archiving and communication systems (PACS). In addition to digital mammography for both screening and diagnosis, other procedures such as 3D ultrasound, magnetic resonance imaging (MRI), computed tomography (CT) and tomosynthesis are optimally supported. In particular, the support of tomosynthesis as a three-dimensional advancement of digital mammography has become increasingly important in recent years due to the market success of the corresponding equipment manufacturers. In addition, the focus is also on the further development of mammography solutions through the use and integration of algorithms based on artificial intelligence for the automatic segmentation of malignant structures.

### **Lung products**

MeVis software solutions in the field of lungs detect anomalies - such as lung tumors or pulmonary embolisms - fully automatically in computed tomographic images. Multislice computed tomography (MSCT) is the state of the art in three-dimensional medical X-ray imaging. Thanks to its improved detail resolution, it now plays an important role in modern lung diagnostics. Within a few seconds, the smallest details of the entire lung are imaged three-dimensionally. However, evaluating the growing volumes of data is becoming increasingly challenging. MeVis software enables radiological reporting of these CT images in everyday clinical practice. State-of-the-art image processing and pattern recognition algorithms for computer-aided diagnosis of diseases in the chest region allow detailed segmentation of anatomical structures of the lung, fully automated computer-aided detection of anomalies (CAD) as well as their evaluation and quantification. CAD technology from MeVis based on artificial intelligence provides radiologists with a supportive, independent and reproducible evaluation of image data and is used worldwide as part of the early detection, clinical diagnosis and therapy of lung diseases.

A more advanced version of the lung-cancer screening product was launched on the market based on this technology and on expertise in the area of breast cancer screening. This is specifically aimed at reporting in CT-based lung cancer screening. Through the continuous, close linking of the components, workflow support, comparison with preliminary images, integration of CAD results, automatic, reproducible measurement of lesion parameters and structured reporting according to the Lung-RADS standard, this software offers considerable advantages for the radiologist making the findings - both in terms of the time required for reporting, the quality of the results and the integration with other clinical systems such as patient management.

### **Liver products**

With its MeVis Distant Services, MeVis creates technical visualizations, primarily of the liver, which are used in further training, for publications as well as for presentations and research purposes. Medical technology companies and specialists in radiology and surgery use MeVis Distant Services (MDS) to have their cases comprehensively visualized in a professional manner. Instead of static 2D representations, they receive interactive 3D visualizations to use for presentations and publications in leading journals and other media. Based on decades of experience with our MeVis Distant Service, we are working on a stand-alone software solution based on Deep Learning technology that will meet the latest diagnostic requirements and facilitate the workflow in a pioneering way.

### **Neuro products**

MeVis software for neurological diseases is capable of evaluating the most complex neuroradiological data and thus provides the basis for safe and gentle planning of brain surgery. Functional magnetic resonance imaging (fMRI) and diffusion tensor imaging (DTI) can capture functional areas, such as motor or speech regions, and visualize connecting fiber tracts. Simultaneous display (fusion) of such data with other anatomical images can show the relation to brain tumors, revealing complex interrelationships. In this way, the MeVis software solution helps neurosurgeons to plan the optimum and gentlest approach to the tumor, thus enabling safe and reliable treatment of patients with neurological diseases. In addition, dynamic imaging can be used to measure blood flow to the brain. The application calculates various key figures (rCBV, rCBF, TTP, etc.) and displays them in color maps, which support the diagnosis of primary cerebral perfusion disorders (stroke) and the assessment of tumor malignancy and follow-up.

## MeVis Online Services

With the MeVis Online Academy, MeVis offers interactive online training options for faster and more accurate diagnoses both for clinical end customers directly and indirectly via medical technology companies. Web-based radiological case collections provide the basis for this. Customized hanging protocols and interactive radiological viewing and reporting tools complete the offering for digital mammography, tomosynthesis, computed tomography (CT), magnetic resonance imaging (MRI), and sonography. Clinicians have access to a large number of clinical case collections from recognized experts, including associated solutions, at any time and from any location. This provides tools for continuing education and ongoing radiological training, including learning success monitoring. In addition, MeVis develops software components for internet-based collaboration via radiological expert networks in cooperation with the German Radiological Society as well as for multidisciplinary collaboration. Radiological image data is securely exchanged online with colleagues from different disciplines, prepared as required and made accessible worldwide via mobile devices. Innovative special applications for medical technology companies in the field of digital image acquisition as well as planning procedures for radiotherapy and additive manufacturing processes ("3D printing") as well as the associated software infrastructure for the worldwide operation of cloud applications complete the product portfolio. Particularly in view of the current global situation, online and remote services are enjoying ever greater demand and will play an increasingly important role in the future.

## RESEARCH AND DEVELOPMENT

The market for software products in the field of digital medical imaging is characterized by high quality requirements and, in some cases, short innovation cycles with increasing technical complexity. The user-friendliness of the software and the possibility of easy integration into the clinical IT environment are becoming increasingly important. The products developed by the company therefore require continuous and forward-looking adaptation to new medical and technological developments as well as to the continuous increase in the volume of data to be processed. In the future, the handling and analysis of the data volumes will require an automation of the processes and thus a growing field of research.

The Company has little research capacity of its own. The majority of the Company's employees are engaged in the development of software applications. Therefore, the Company commissions renowned research institutes, such as DIAG Diagnostic Image Analysis Group) Radboud University Medical Center, Nijmegen, to provide the necessary research services. This may involve the acquisition or licensing of existing research results or a contract to work on a new research topic.

The focus of research and development activities within the Company during the reporting period was on the development of software applications to open up new areas of application, such as solutions for CT-based lung cancer screening, MR-based liver diagnostics, and the evaluation and development of algorithms based on artificial intelligence. In addition, a focus was placed on the further development of existing software products in order to remain competitive in business areas that are currently successful for the Company and to secure long-term maintenance revenues.

## Technology platforms

**MeVisLab** is the Company's in-house research and development environment for the rapid and effective development of software prototypes and products. This unique software development tool allows the methods and workflows developed to be quickly tested, evaluated and optimized ("rapid prototyping") in clinical settings and distributed through a range of channels. By being linked to product development software technologies, the prototypes developed based on MeVisLab can advance in the value chain and be converted into marketable products in a short time, which leads to significantly shorter development and product release periods. This development method is used with great success in the development of various software products, particularly in the further development of the product Veolity for efficient diagnosis of lung CT studies, new image-based planning tools for additive production/3D printing, the MeVis Online Academy training platform, as well as special applications for online multidisciplinary collaboration, teleradiology and radiotherapy planning ("MeVis Online Services").

**MeVisAP**, a proprietary technology platform, provides basic services such as integration into the hospital network, license management, the management of studies and work lists, automated preparation of 2D, 3D and 4D image data and the creation of visually appealing reports and structured findings. Thanks to the client-server technology, users can work on their own cases from any station, seek the advice of other experts and pause or resume work at any time. The modular concept allows MeVis to quickly put together combinations of different clinical questions or imaging procedures required by the customer and link them with one another. On the one hand, MeVisAP serves as a complete diagnostics platform; on the other hand, partial functions from existing systems (RIS, PACS, system platforms) can be integrated into it as well.

## ECONOMIC REPORT

### MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

#### Macroeconomic situation<sup>1</sup>

The global economy had weakened significantly at the end of 2018 and in the further course of 2019. This was due, among other things, to the trade dispute between the USA and China, the possible introduction of tariffs and continuing uncertainties emanating from Brexit. At the end of 2019, however, there were also positive signals in the trade conflict between the USA and China as well as the prospect of an orderly Brexit, which suggested an imminent economic recovery. With the outbreak and spread of the coronavirus, a new risk to economic development was added at the beginning of 2020, leading to a sharp slump in economic activity, Europe-wide and worldwide. Travel restrictions, quarantine measures, short-term production stops and the closure of trade and services led to an enormous restriction of economic and social life. From May/June 2020, when economic easing began, through September 2020, many economies recovered and the global economy began to grow slightly again, in parts even to pre-pandemic levels. But as the pandemic spread and accelerated in many countries, this slowed and some countries reintroduced lockdowns to protect their populations and health systems. The further development of the global economy depends largely on the course of the Corona pandemic and the measures taken to contain the further spread of the virus. Individual countries in different parts of the world are affected to varying degrees. Forecasts are therefore subject to a relatively high degree of uncertainty.

According to the forecast of the International Monetary Fund (IMF) from October 2020, global gross domestic product will decline by -4.4 % year-on-year in 2020. For the coming year 2021, global economic output is currently expected to increase by 5.2 %. For the USA, the most important economic area for MeVis, the IMF forecasts a decline in economic output of -4.3 % in 2020 but growth of 3.1 % in 2021. The growth rates for the euro zone and Germany are estimated to be worse: For the euro zone as a whole, the IMF forecasts negative growth rates of -8.3 % for 2020 and an increase of 5.2 % for 2021. For Germany, the forecast is for a minus of -6.0 % for 2020 and a plus of 4.2% for 2021.

#### Industry development

At the beginning of 2020 (pre-Corona), the global market research company Frost & Sullivan predicted that the global medical technology market will grow by 5 % annually until 2023. While sales of around USD 445.5 billion were achieved in 2019, the global market for medical technology will already record sales of around USD 470.3 billion in 2020 and would reach almost USD 500 billion by 2023 according to Frost & Sullivan. The market for imaging systems, which is significant for companies such as MeVis, takes a share in 2020 of 6.9 % or better a market share of USD 32.5 billion. By region, the largest market shares are in North America (39.1 %), Europe (26.3 %), and Asia (26.5 %)². In 2019, German medical technology manufacturers were able to generate total sales of approximately 33.3 billion euros; only companies >20 employees were considered here. Compared to the other European countries, Germany again takes first place by a wide margin, followed by France (€ 13.2 billion), Italy (€ 13.0 billion), the United Kingdom (€6.7 billion) and Switzerland (€ 5.8 billion)³.

The following picture emerges from the analysis of German exports: The most important target region for German medical technology exports in 2019 was the European Union, which accounted for around 41.0 % of sector-relevant exports. Together with exports to the rest of Europe (9.8 %), more than half of all exports of medical technology goods were exported to other European countries. North America and Asia accounted for 18.9 % and 19.3 % respectively of exports. The countries of the European Union also dominated imports, accounting for 34.2 % of total German imports, followed by North America (share: 25.3 %) and Asia (share: 20.0 %)⁴.

The medical technology sector, and in particular the field of medical imaging, continues to be a very attractive market for MMS AG, even if the Corona pandemic will result in a general decline in demand in 2020 and 2021. A shift from the dominant markets of the USA and Europe to Asia continues to be felt. Key drivers in the coming

<sup>1</sup> Source: International Monetary Fund – World Economic Outlook (WEO) & Updates 2019/2020

<sup>2</sup> Source: SPECTARIS Year Book 2020/2021, Page 14-15

<sup>3</sup> Source: SPECTARIS Year Book 2020/2021, Page 7

<sup>4</sup> Source: SPECTARIS Year Book 2020/2021, Page 12-13

years will continue to be the growing population, demographic developments, medical and technical progress, particularly in the emerging markets, and increasing awareness of health issues. Increasing digitization, the processing of available data volumes and the automation of diagnostics will also be a significant driver, both for new treatment methods and for new business potential.

The advancing digitization of social life is changing the requirements for modern healthcare and at the same time offers opportunities for a more efficient healthcare system. In the future, the networking and processing of health data will make it increasingly possible to design better diagnostic procedures and tailored therapies, which will be based to a large extent on artificial intelligence. The collection and analysis of medical data will therefore play an important role in future health research and diagnostics. The use of algorithms for faster and more accurate diagnostics will keep us busy in the coming years and drive a change in digital medical technology. The use of artificial intelligence and medical robotics will play a significant role, especially in populous regions such as Asia and also the emerging markets, where the doctor-patient ratio is imbalanced.

In addition to the technological challenges in medical technology, however, the regulatory requirements, which are becoming increasingly important, are also considered a challenge. The key objectives of the regulatory authorities include ensuring a high level of health protection for patients and users, demonstrating a high level of compliance with quality assurance standards, and taking appropriate account of technological progress.

Looking at the situation at MeVis, we believe that medical imaging as a sub-segment of medical technology continues to be of great importance. Topics such as multi-modal and functional imaging, diagnostic support, model-based therapy as well as new and optimized workflows, computer support, automation and artificial intelligence are the main drivers here. Despite the current situation regarding the Corona pandemic and the associated restraint in purchasing behavior, the trend reversals are still current and cannot be stopped in their implementation.

For MeVis, breast cancer diagnostics continues to be not only the largest revenue generator but also a very interesting field in which we will continue to be active in the future. As in recent years, demand for three-dimensional digital tomosynthesis systems continues to grow. The widespread use of the technology is leading to increased demand for the corresponding recording devices from the major medical technology companies. According to October 2020 statistics from the U.S. Food and Drug Administration (FDA)<sup>5</sup>, there are a total of 8,670 certified breast screening centers in the U.S. with a total of 22,386 mammography imaging devices. Of the 8,670 certified centers (Oct. 2019: 8,668), 6,407 centers (Oct. 2019: 5,607) have also been certified for tomosynthesis diagnostics to date. These numbers demonstrate that the ongoing trend of moving from 2D to 3D is ongoing and will continue to increase over the next few years. As a result of the widespread use of tomosynthesis systems, many software and modality manufacturers and start-ups now also offer software applications, and increasingly also algorithms based on artificial intelligence, for diagnosing tomosynthesis data. Although the range of functions does not match that of the software products developed by MeVis, we are seeing ever-increasing competition. Hologic, as the market leader in this segment, will now start to position its own software solution on the market from 2021 onwards, which is why the outlook for MeVis is clouded as far as the marketing of our own mammography and breast screening solutions is concerned.

In addition to the very important market segment of breast cancer diagnostics, the area of lung cancer diagnostics is also very important for both women and men in order to detect lung cancer at an early stage and subsequently initiate the necessary therapy. For lung cancer screening, the introduction of corresponding screening programs based on CT images has been on the horizon in the USA since mid-2013. National studies<sup>6</sup> (Early Lung Cancer Action Project - ELCAP and National Lung Screening Trial - NLST) in the USA have shown that CT lung screening is highly superior to normal X-ray imaging in detecting lung cancer at an early stage. The nationally responsible expert commission United States Preventive Services Task Force (USPSTF) already made a corresponding recommendation<sup>7</sup> for national lung screening, under certain conditions, in December

<sup>5</sup> Source: US Food and Drug Administration / Scorecard Statistics (<https://www.fda.gov/radiation-emitting-products/mqsa-insights/mqsa-national-statistics>)

<sup>6</sup> Early Lung Cancer Action Program ELCAP / <http://www.ielcap.org/lancet-1999> National Lung Screening Trial (NLST) / <https://clinicaltrials.gov/ct2/show/NCT00047385>

<sup>7</sup> U.S. Preventive Services Task Force – Recommendation for Lung Cancer Screening /2013 (<http://www.uspreventiveservicestaskforce.org/Page/Document/UpdateSummaryFinal/lung-cancer-screening>)

2013. The measures have now been reimbursable since January 2016 following a decision by CMS<sup>8</sup> (Centers for Medicare and Medicaid Services) and are also reimbursed by health insurers in the United States. The results of the European NELSON Lung Cancer Study<sup>9</sup>, which has been ongoing for 10 years, published in September 2018, have more than confirmed the results of the NLST study, and the likelihood of the introduction of lung cancer screening programs in Europe in the time horizon of the next few years has thus increased significantly.

The German Society for Hematology and Oncology (DGHO) also supports the introduction of lung cancer screening based on CT diagnostics throughout Germany. "In the case of lung cancer, the malignant tumor that most frequently leads to death worldwide (including in Germany), the data situation has changed to such an extent that in the future we are very likely to see a quality-assured screening program for a high-risk group. Despite the promising therapy innovations especially in lung cancer in recent years (molecular targeted therapy, immunotherapy, multimodal therapy, adjuvant therapy), the implementation of an early detection screening with identification of tumors in earlier stages and thus curative setting should represent an even higher benefit for the large group of at-risk individuals and may in the future significantly reduce mortality with this previously so unfavorable disease prognosis."<sup>10</sup> We therefore assume that there will be increased demand for software solutions for the early detection of lung cancer in Germany, Europe and also worldwide. MeVis is already addressing this growing market with its products Veolity Lung Screening, Veolity Lung CAD, the e-learning portal MeVis Online Academy and the Lung Academy.

The further development of business with applications in the product area lung depends decisively on whether, when and to what extent the published results on the clinical efficiency of this technology lead to an appropriate remuneration of the quality-assured procedures and the adoption in clinical routine. Last but not least, the success of the MeVis technology depends on a high participation and coverage rate of the eligible risk groups, i.e. the acceptance of the screening by the patients.

## BUSINESS PERFORMANCE

The Company's operating business consists of the development and sale of software licenses, the related maintenance business, and software programming for medical technology companies (development services), as well as the provision of technical visualization services (Distant Services) and online training.

At around 91% of total revenue, 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 revenue in this reporting period.

## EARNINGS DEVELOPMENT

In the financial year under review, the Company's net sales amounted to € 17,131 k (prev. year: € 18,073 k). Of the revenues, 31 % (prev. year: 29 %) were generated from the sale of licenses, 36 % (prev. year: 38 %) from maintenance revenues, and 33% (prev. year: 33%) from other revenues, which include, among other things, services for and subcontracting to affiliated companies and the parent company.

As the majority of invoices are denominated in USD, the slight year-on-year deterioration in license revenues was partly offset by the increase in the average USD exchange rate compared with the previous year. The deterioration in maintenance revenue was mainly due to a decrease in maintenance revenue from Hologic due to a decrease in new maintenance contracts. The deterioration in other revenue compared to the previous year is due to a decrease in revenue from development services, as fewer services were provided to the Varian Medical Systems Group.

Other operating income amounted to € 960 k in the past fiscal year (prev. year: € 2,221 k). It mainly consists of income from exchange rate differences amounting to € 742 k (prev. year: € 2,133 k).

<sup>8</sup> Centers for Medicare and Medicaid Services – Decision Memo on Lung Cancer Screening /2015 (<https://www.cms.gov/medicare-coverage-database/details/nca-decision-memo.aspx?NCAId=274>)

<sup>9</sup> International Association for the Study of Lung Cancer (IASLC) – NELSON Study (<https://wclcl2018.iaslc.org/media/2018%20WCLC%20Press%20Program%20Press%20Release%20De%20Koning%209.25%20FINAL%20.pdf>)

<sup>10</sup> Source: DGHO Member Circular September 2020, Page 13

The cost of materials increased to € 626 k (prev. year: € 457 k) and mainly consists of third-party services for the lung product area in the amount of € 360 k (prev. year: € 97 k), the cost of materials for the mammography product area in the amount of € 92 k (prev. year: € 132 k), and expenses for services purchased from the Fraunhofer MEVIS Institute in the amount of € 13 k (prev. year: € 97 k).

The Company's personnel expenses amounted to € 8,552 k in the past fiscal year (prev. year: € 8,085 k). In the year under review, the average number of permanent employees of the Company was increased by 5 to 104, while the number of temporary student employees remained constant at 4 (prev. year: 4). The increase in personnel expenses is due to the higher number of employees and the annual salary increase of approximately 3%.

Other operating expenses amounted to € 3,240 k in the reporting period (prev. year: € 3,947 k). They comprise expenses from exchange rate differences of € 1,108 k (prev. year: € 1,725 k), rental expenses of € 431 k (prev. year: € 429 k), expenses for legal, consulting and auditing fees of € 516 k (prev. year: € 448 k), telephone/internet expenses of € 168 k (prev. year: € 100 k), operating expenses (energy, cleaning, maintenance, etc.) of € 123 k (prev. year: € 159 k), sales expenses of € 112 k (prev. year: € 273 k) and other operating expenses of € 782 k (prev. year: € 813 k).

In July 2020, MeVis BreastCare GmbH & Co. KG (MBC KG) resolved a dividend distribution, which resulted in income from investments of € 127 k (prev. year: € 447 k) at MMS AG.

Income from loans of financial assets amounted to € 175 k (prev. year: € 169 k) and relates to interest income from the loan granted to Varex Imaging Deutschland AG.

Earnings before interest and taxes (EBIT) decreased by € 2,360 k to € 5,806 k, mainly due to lower sales compared to the previous year, a significantly lower result from exchange rate differences, which was negative in the financial year 2019 / 2020, and increased personnel expenses.

Taking into account interest expenses of € 12 k (prev. year: € 10 k), earnings before taxes (EBT) amounted to € 5,794 k (prev. year: € 8,156 k).

The income taxes of € 90 k (prev. year: € 85 k) incurred in the financial year are almost constant compared to the previous year.

Taking into account the income tax charge of € 90 k for the past financial year (prev. year: € 8,156 k), the result is as follows

90 k (prev. year: € 85 k) and the expense from the profit transfer to Varex Imaging Deutschland AG of € 5,704 k (prev. year: € 8,071 k), net income for the year amounted to € 0 k (prev. year: € 0 k).

Taking into account the income tax charge of € 90 k (prev. year: € 85 k) as well as the expense from the profit and loss transfer to Varex Imaging Deutschland AG of € 5,704 k (prev. year: € 8,071 k), the net profit for the past financial year amounted to € 0 k (prev. year: € 0 k).

## **APPROPRIATION OF PROFIT**

The profit of € 5,704 k is transferred to Varex Imaging Deutschland AG on the basis of the domination and profit and loss transfer agreement.

## **INVESTMENTS**

During the reporting period, investments in property, plant and equipment amounted to € 103 k (prev. year: € 203 k) and mainly related to office and business equipment.

As in the previous year, no investments were made in intangible assets.

## **NET ASSET AND FINANCIAL POSITION**

The balance sheet total increased to € 27,791 k (prev. year: € 23,920 k). In terms of assets, fixed assets decreased by € 65 k and current assets increased by € 3,982 k. Shareholders' equity remained constant. Accruals decreased by € 33 k and liabilities increased by € 4,214 k due to the profit to be transferred for the past financial year. Deferred income decreased by € 310k.

The equity ratio decreased to 64 % (prev. year: 75 %) due to the increase in total assets and the constant level of equity, while the gearing ratio increased accordingly to 36 % (prev. year: 25 %).

Fixed assets decreased by € 65 k to € 16,734 k as of the balance sheet date (prev. year: € 16,799 k). The main component continues to be a loan to the shareholder in the amount of € 16,225 k (prev. year: € 16,225 k). Intangible fixed assets of € 2 k (prev. year: € 18 k) decreased due to scheduled depreciation of € 16k. Property, plant and equipment consisting of operating and office equipment of € 194 k (prev. year: € 243 k) decreased with scheduled depreciation of € 152 k and additions totaling € 103 k. Current assets increased as of the balance sheet date by € 3,982 k to € 11,008 k (prev. year: € 7,026 k). In particular, receivables from affiliated companies increased by € 1,985 k due to higher trade receivables from Varex Imaging Corporation. In addition, cash and cash equivalents increased by € 1,354 k, other assets by € 394 k and trade receivables by € 249 k.

The Company's equity remained constant at € 17,826 k (prev. year: € 17,826 k) and, in addition to subscribed capital of € 1,820 k (prev. year € 1,820 k), comprises capital reserves of € 11,461 k (prev. year € 11,461 k) as well as statutory revenue reserves of € 5 k (prev. year € 5 k) and other revenue reserves of € 4,540 k (prev. year € 4,540 k).

Compared to the previous year, provisions decreased by € 33 k to € 2,454 k (prev. year: € 2,487 k), mainly due to a decrease in tax provisions, as tax payments were made on the basis of tax assessments received for the 2016/2017 and 2017/2018 financial years. Pension provisions increased by € 86 k to € 370 k, in particular as a result of the lower discount rate. Other provisions increased to € 1,914 k, partly as a result of higher personnel provisions. Liabilities increased by € 4,214 k to € 5,966 k (prev. year: € 1,752 k), mainly due to the increase in liabilities to shareholders as of the balance sheet date. As in the previous year, there are no liabilities to banks. Deferred income decreased by € 310 k to € 1,544 k due to lower customer prepayments for services to be rendered by the Company in the future compared to the previous year.

The Company's cash and cash equivalents (cash on hand, bank balances) increased from € 2,600 k to € 3,954 k in the past fiscal year. The increase is mainly due to a positive cash flow from operating activities amounting to € 2,890 k (prev. year: € 6,545 k). This was offset by payments to the shareholder due to profit transfers amounting to € 1,571 k (prev. year: € 8,119 k).

Cash flow from operating activities decreased to € 2,890 k in fiscal 2019/2020, taking into account cash and non-cash transactions, in line with the lower net profit for the year before profit transfer. The positive cash flow from investing activities amounted to € 189 k in the reporting period (prev. year: € -5,921 k) and, in addition to dividends received of € 127 k (prev. year: € 447 k) and interest received of € 165 k (prev. year: € 335 k), includes payments for investments in property, plant and equipment and intangible assets of € 103 k (prev. year: € 203 k). In the previous year, cash flow from investing activities included payments for short-term transfers of funds to Varex Imaging Deutschland AG in the amount of € 6,500 k, which was offset against the liability from profit transfer for the financial year 2018/2019 as of the balance sheet date September 30, 2019.

The negative cash flow from financing activities amounted to € 1,571 k (prev. year: € 1,619 k) and resulted from the remaining payment for the profit transfer of the financial year 2018/2019 to the shareholder Varex Imaging Deutschland AG.

Overall, the net assets, financial position, and results of operations developed very satisfactorily, taking into account the expected decline in business with the major customer Hologic and the only minor impact of the corona pandemic on our business to date.

## CONTROL SYSTEM

The Company used revenues and earnings before financial result and taxes (EBIT) as essential financial planning tools. A deviation analysis of the applicable budget parameters is performed regularly in the light of the results of a corresponding risk situation evaluation. This analysis, together with external market and competitor information, forms the basis for ongoing review of the plan and continuous forecast adjustments.

## NON-FINANCIAL PERFORMANCE INDICATORS

The enterprise value of MeVis is determined not only by financial but also by non-financial performance indicators. They affect, for example, the Company's relationships with its employees and customers, its ability to innovate and its quality management. Corporate goals can only be achieved if MeVis, as an attractive and responsible employer, can bind competent and committed employees to the Company and develop innovative and high-quality products and solutions that will continue to meet customer requirements in the future. MeVis does not financially evaluate non-financial performance indicators.

### Staff

MeVis' workforce is an essential part of our capital. Employee expertise and commitment make a decisive contribution to the Company's success. Their knowledge and experience guarantee the quality of the products and continuously optimize processes and services. Flat hierarchies, great creative freedom and a high degree of personal responsibility are an expression of the open corporate culture. MeVis pays great attention to a pleasant working atmosphere and respectful interaction with each other. A code of conduct that all employees accept at the beginning of their work regulates their relationships with each other, business partners and service providers. Financial recognition of individual performance is as important to MeVis as the availability of flexible work time models, targeted staff development and health promotion measures.

As of the balance sheet date, MeVis Medical Solutions AG had 105 permanent employees (prev. year: 103) and 2 student testers on a temporary basis (prev. year: 3). This corresponds to a total of 97 full-time equivalents (prev. year: 95), of which 97 were permanent employees (prev. year: 93) and 0 (prev. year: 2) were student testers on a temporary basis. In addition to their fixed remuneration, the vast majority of employees received a bonus payment on a voluntary basis in the past fiscal year.

### Quality Management and Regulatory Affairs

High-quality processes including comprehensive know-how with regards to international approval processes are a necessary prerequisite for achieving MeVis' strategic goals and are therefore of very high value. Quality and quality management are a regulatory requirement on the one hand and a key product feature on the other.

A quality management system in accordance with EN ISO 13485 has been installed at MeVis. MeVis is certified in accordance with EN ISO 13485:2016 (incl. MDSAP Audit Model Edition 2 for Australia, Canada, USA) for the areas of development, production, final inspection and distribution of software for reporting medical image data and intervention support. These and other certifications and approvals enable the company to develop products that meet the requirements of Directive 93/42/EEC (Europe), FDA 510(k) (USA), CMDCAS (Canada), TGA (Australia) and KGMP (Korea) and to bring these products to approval.

This ensures that the software components supplied by MeVis meet the applicable normative and statutory requirements. The approval process for customers' medical products can thus be accelerated considerably and market access achieved more quickly.

### Innovativeness

Innovations and new technologies are of key importance for the strategic development of MeVis Medical Solutions AG. The market for software products in the field of digital medical imaging is characterized by high quality requirements and in some cases short innovation cycles coupled with increasing technical complexity. The software solutions developed by the Company therefore require continuous and forward-looking adaptation to new medical and technological developments as well as to the continuous increase in the volume of data to be processed (deep learning and use of artificial intelligence). In addition to internal research and development capacities, MeVis has an extensive network of clinics and research centers, which enables us to identify new impulses and trends in the market.

MeVis uses its own research and development environment MeVisLab for the rapid development of prototypes tailored to specific applications. This allows newly developed methods and workflows to be tested, evaluated and optimized in the clinical environment ("rapid prototyping") in order to turn product developments into market-ready products within a short period of time. This leads to a significant shortening of development and innovation cycles.

**Solid customer relationships**

MeVis owes its market position to its successful long-term cooperation with major international medical technology companies. Within the framework of the so-called OEM sales model, the software solutions are sold under the respective brand names of the medical technology companies, which are usually also the manufacturers of the imaging equipment. In recent years, software development support for OEMs has also gained in importance. For many years, the Company's most important customers have included Hologic, Invivo (a subsidiary of Philips), Vital Images (a subsidiary of Canon/Toshiba) and Varian Medical Systems. In addition, intensive customer relations exist with Siemens through the joint venture MeVis Breast-Care. Furthermore, MeVis has provided development services to Varex Imaging Corporation in the past fiscal years. These good customer relationships are the basis for MeVis' success.

**OVERALL STATEMENT**

The fiscal year 2019/2020 was again successful for MeVis in terms of key financial figures, despite the restrictions of the Corona pandemic. Among other things, MeVis continued to participate in the very good market position of Hologic for breast cancer screening. Thanks to the still solid cost structure, very good results were generated.

The medium- and long-term future prospects remain significantly clouded by the change in the cooperation with MeVis initiated by Hologic and the associated expected decline in sales with and activities for Hologic.

## DISCLOSURE PURSUANT TO SEC. 289 A (1) AND EXPLANATORY REPORT OF THE EXECUTIVE BOARD

In the following, the Executive Board provides the disclosures required by Sec. 289 a (1) of the German Commercial Code (HGB) and at the same time explains them in accordance with Sec. 176 (1) sentence 1 of the German Stock Corporation Act (AktG).

### **Composition of subscribed capital (Sec. 289a (1) No. 1 German Commercial Code (HGB))**

The subscribed capital of MeVis Medical Solutions AG amounted to € 1,820 k as of the balance sheet date and consisted of 1,820,000 no-par value registered shares with voting rights. Each registered share grants one vote. The shareholders exercise their rights at the Annual General Meeting and vote there in accordance with the statutory provisions and the Articles of Association.

### **Restrictions relating to voting rights or the transfer of shares (Sec. 289a (1) No. 2 German Commercial Code (HGB))**

The Executive Board has no information on any restrictions on the exercise of voting rights or restrictions on the transferability of shares that go beyond the statutory provisions of capital market law.

### **Direct or indirect shareholdings in the capital exceeding 10% of the voting rights (Sec. 289a (1) No. 3 German Commercial Code (HGB))**

To the knowledge of the Company, the following direct or indirect shareholdings in the capital exceeded 10% of the voting rights at the balance sheet date:

- Varex Imaging Deutschland AG directly holds 73.66 % of the total share capital of MeVis Medical Solutions AG.
- Varex Imaging Investments BV indirectly holds 73.66 % of the total share capital of MeVis Medical Solutions AG via Varex Imaging Deutschland AG.
- Varex Imaging International Holdings BV indirectly holds 73.66 % of the total share capital of MeVis Medical Solutions AG via Varex Imaging Investments BV and Varex Imaging Deutschland AG.
- Varex Imaging Corporation indirectly holds 73.66 % of the total share capital of MeVis Medical Solutions AG via Varex Imaging International Holdings BV, Varex Imaging Investments BV and Varex Imaging Deutschland AG.

No other direct or indirect shareholdings in the capital that reached or exceeded 10% at the end of the financial year have been reported or are known.

### **Holders of shares with special rights giving powers of control (Sec. 289a (1) No. 4 German Commercial Code (HGB))**

There are no shares with special rights conferring powers of control. Accordingly, there are no holders of such shares.

### **Type of voting right control if employees hold an interest in the capital and do not exercise their control rights directly (Sec. 289a (1) No. 5 German Commercial Code (HGB))**

Employees who hold shares in the capital of MeVis Medical Solutions AG exercise their voting rights directly.

### **Appointment and dismissal of Executive Board members and amendment of the Articles of Association (Sec. 289a (1) No. 6 German Commercial Code (HGB))**

The appointment and dismissal of members of the Executive Board is governed by Sec.s 84 and 85 of the German Stock Corporation Act (AktG) and Sec. 6 of the Articles of Association of MeVis Medical Solutions AG as amended on June 24, 2020.

Pursuant to Sec. 6 (1) Sentence 1 of the Articles of Association, the Executive Board consists of one or more members. The number of members of the Executive Board is determined by the Supervisory Board. The Management Board currently consists of one member.

The appointment and dismissal of members of the Executive Board is the responsibility of the Supervisory Board in accordance with Sec. 84 (1) sentence 1, (3) of the German Stock Corporation Act (AktG) and Sec. 6 (2)

sentence 1 of the Articles of Association. A repeated appointment or extension of the term of office is permissible under the statutory provisions.

Amendments to the Articles of Association are governed by Arts. 133, 179 et seq. AktG apply to amendments to the Articles of Association. Pursuant to Art. 119 par. 1 no. 6 AktG, the Annual General Meeting resolves on amendments to the Articles of Association. Pursuant to Art. 179 par. 2 AktG, resolutions of the Annual General Meeting to amend the Articles of Association require a majority of at least three quarters of the capital stock represented at the time of the resolution, unless the Articles of Association stipulate a different - but for amendments to the purpose of the Company only a higher - capital majority. Under Art. 14 par. 2 of the Articles of Association, resolutions of the Annual General Meeting require a majority of the votes cast (simple majority), unless mandatory statutory provisions require a larger majority or impose further requirements. If the law requires a majority of the capital, a simple majority of the capital stock represented when the resolution is adopted shall be sufficient, unless a larger majority is prescribed by law. In accordance with Art. 9 par. 5 of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association that only affect the wording.

### **Authority of the Board of Management to issue or repurchase shares (Sec. 289a (1) No. 7 of the German Commercial Code (HGB))**

#### *Authorized capital (Sec. 5 (5) of the Articles of Association)*

Based on the resolution of the Annual General Meeting on June 24, 2020, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the Company's capital stock by up to €910 thousand in the period up to June 23, 2025 by issuing new no-par value registered shares on one or more occasions against cash contributions or contributions in kind. In principle, shareholders are to be granted a subscription right; the statutory subscription right may also be granted in such a way that the new shares are taken up by one or more banks or equivalent companies pursuant to Sec. 186 (5) sentence 1 AktG (German Stock Corporation Act) with the obligation to offer them for subscription to the shareholders of MeVis Medical Solutions AG. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in certain cases. The Executive Board is also authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the other details of the capital increase and its implementation.

The Executive Board has not yet made use of this authorization to issue new shares.

#### *Conditional capital (Sec. 5 (6) of the Articles of Association)*

The capital stock of the Company is conditionally increased by up to € 130,000.00 by issuing up to 130,000 no-par value registered shares. The conditional capital increase will only be implemented to the extent that the stock options granted on the basis of the authorization of the Annual General Meeting on August 22/28, 2007 are exercised by December 31, 2011, or to the extent that the stock options granted on the basis of the authorization of the Annual General Meeting on June 15, 2011 are exercised by December 31, 2015.

#### *Share buyback*

There are no resolutions of the Annual General Meeting based on Sec. 71 (1) No. 6-8 German Stock Corporation Act (AktG) authorizing the repurchase of treasury shares.

### **Significant agreements subject to the condition of a change of control resulting from a takeover bid (Sec. 289a (1) No. 8 German Commercial Code (HGB))**

MeVis Medical Solutions AG has made various agreements, as listed below, consisting of rules in the event of a change-of-control, for example following a takeover bid:

- As a 49 % partner in MBC KG, Siemens Healthcare GmbH is entitled to request the transfer of the limited-partnership share held by MMS AG in MBC KG as well as its share in MeVis BreastCare Verwaltungsgesellschaft mbH at a reasonable price if a third party either directly or indirectly acquires a controlling interest as defined in Sec. 17 of the German Stock Corporation Act in MMS AG and competes with Siemens Healthcare GmbH.

- As a licensee of MMS AG, the Invivo Corporation is entitled to terminate the licensing agreement existing between Invivo Corporation and MMS AG in the event of changes to the control structure within MMS AG, insofar as the controlling party does not recognize the licensing agreement obligation.

### **Compensation agreements of the Company concluded with members of the Board of Management or employees in the event of a takeover bid (Sec. 289a (1) No. 9 German Commercial Code (HGB))**

There are no compensation agreements with members of the Executive Board or employees in the event of a takeover bid.

## **DECLARATION ON CORPORATE GOVERNANCE (Sec. 289f German Commercial Code (HGB))**

The current corporate governance declaration has been made available on the website of MeVis Medical Solutions AG under the following link [www.mevis.de/investor-relations/corporate-governance/](http://www.mevis.de/investor-relations/corporate-governance/).

## **REMUNERATION REPORT**

As of fiscal year 2017/2018, the compensation of the Executive Board contains only fixed components.

In agreement with the members of the Executive Board, the Supervisory Board decided to abolish the variable remuneration for the members of the Executive Board of the Company at the beginning of the financial year 2017/2018. This was done against the background that the members of the Executive Board are also members of the Executive Board of Varex Imaging Deutschland AG, which holds a majority stake in the Company and with which a domination and profit and loss transfer agreement exists. There, the members of the Executive Board will receive a variable remuneration based on the global success of the Varex Imaging Group as of the financial year 2017/2018. Due to the domination and profit and loss transfer agreement, the success of the Company is, in the view of the Supervisory Board, no longer an indicator for the success of the entrepreneurial activity, so that a variable remuneration based on the success of the Company no longer seemed reasonable to the Supervisory Board.

The current Executive Board contract, which has a term of three years, provides for transitional payments of up to four months' compensation in the event of non-renewal with a notice period of four months to the end of the contract. In the event of revocation of the appointment, the Executive Board member will receive the fixed compensation (cash value) until the end of the original term of the contract, unless the revocation is due to culpable behavior on the part of the Executive Board member. The Executive Board contract was extended in November 2020 by a further 5 years (Apr. 2021 to Mar. 2026). The conditions regarding transitional payments, as described above, are unchanged.

The total compensation of the Executive Board in the reporting year, as explained in detail in the notes, amounted to €303 k (prev. year: € 380 k).

## **OPPORTUNITIES AND RISK REPORT**

According to the assessment of the Executive Board of MMS AG, the market for medical imaging technology, especially in the segment of digital mammography, which is very relevant for the Company, is increasingly characterized by market saturation. It can also be observed that the market environment in which the Company operates will become even more competitive in the future due to up-and-coming start-up companies. Thus, large providers of medical platforms, medical technology companies and research-related start-up companies, which mainly operate in the medical artificial intelligence segment, are becoming very serious competitors in the market segment in which MeVis is located. Increasing efforts are still required to maintain and expand what the Executive Board considers to be the existing technological lead. Consequently, MMS AG's current activities are based on the conviction that global demand for medical imaging technology and diagnostic support in particular will remain fundamentally stable, but that the competitive situation will become more pronounced and price pressure will increase. In addition to imaging diagnostics, intervention and therapy planning, the optimization of the entire clinical workflow through artificial intelligence will play an increasing role.

MeVis assumes that its customers will be able to maintain or expand the outstanding position of their products on the global market in the context of computer-aided imaging. MeVis can make a decisive contribution to this with its software solutions. Accordingly, against the backdrop of increasing competition, MeVis will continue to intensify its efforts to maintain its strong relationships with these customers and to broaden its customer base, particularly in the business areas of development services and other diagnostic services. The market for dedicated software applications for the reporting of mammography and tomosynthesis images, which is relevant for the digital mammography segment, is expected by MeVis to decline in the medium and long term as the above-mentioned providers of medical platforms are increasingly expanding their range of functions and offering a more user-friendly overall system through seamless integration than would ever be possible with dedicated individual solutions. In addition, competition for MeVis' most important customer Hologic from other modality manufacturers continues to increase, especially in the US. However, macroeconomic factors as well as health policy debates, such as the importance of lung cancer screening programs, continue to play an important and decisive role in MeVis' business environment. Therefore, the Executive Board cannot rule out that such external factors may have a negative impact on the market environment and thus on the Company's revenue and sales expectations for the fiscal year 2020/2021 and beyond.

On the other hand, the Executive Board of MMS AG still hopes for a broad introduction of lung screening, especially in the context of preventive medical check-ups, in which the Company would participate to an above-average extent due to its leading role based on the sales of these products to date.

MMS AG has implemented a risk strategy that defines measures and procedures as well as tasks and responsibilities in the risk management system. Regular meetings of the extended Executive Board continue to be a key instrument for identifying asset risks and changes in the economic development of the business segments or other risks to the Company at an early stage. The Company's risk management system is guided by the need to coordinate the processes for monitoring, early identification and management of all business risks in accordance with the German Law on Transparency and Control in Business. This enables hazardous developments, in particular high-risk transactions, accounting inaccuracies and infringements of statutory regulations, which have a significant impact on the net assets, financial position and results of operations of the Company to be identified at an early stage and any possible negative effects to be minimized.

The core element of MMS AG's risk management is a monitoring system that ensures that existing risks are recorded, analyzed and evaluated, and that risk-related information is forwarded to the responsible decision-makers in a systematic and timely manner. Risks are quantified in monetary terms throughout. According to the extent of the damage, risks are divided into four categories: low (less than € 2.5 million), medium (€ 2.5 million to less than € 5.0 million), high (€ 5.0 million to less than € 10.0 million) and critical (above € 10.0 million). A gross assessment is made, i.e. the damage assessment is based on the potential maximum amount of damage. The probability of occurrence is assessed taking into account the measures currently taken to limit the damage. The probability of occurrence is divided into four categories: very low (0 % to 5 %), low (6 % to 15 %), medium (16 % to 25 %) and high (26 % to 100 %).

The risk management system records and regularly updates risk scenarios arising from business activities and general conditions. The following three main opportunities and risks with a loss potential of between € 2.5 million and less than € 10.0 million and a medium loss expectation have been identified:

a) Product development-related risks

MeVis has invested heavily in new technologies and products for many years now. Despite extensive market studies, there is a risk that this will not lead to economic success and that resources will be used for projects for which only small future revenues can be generated. In addition, it could become increasingly difficult to identify economically attractive products.

Despite extensive market studies, the development of new products and basic technologies is generally associated with a significant risk, especially in cooperation with new customers. While MeVis is increasingly attempting to reduce the revenue risk in the development of products, e.g. by allowing major customers to share in the development costs, a financial risk remains in the case of the necessary pre-development of technologies.

b) Opportunities and risks from the introduction of lung screening

The Company has launched dedicated software products for lung cancer screening on the global market. The basis for the decision to become involved in lung screening became apparent in mid-2013 when the introduction of corresponding screening programs based on CT scans was initiated in the USA. The expert committee responsible there (USPSTF) issued a corresponding recommendation in December 2013. This was further specified in the course of 2014 and published by CMS (Centers for Medicare and Medicaid Services) in the form of a decision memorandum on February 5, 2015. In November 2015, the final reimbursement criteria were published and January 4, 2016 was set as the start date for reimbursement. Accordingly, MeVis anticipated and continues to anticipate a sharp increase in pulmonary CT scans to be found since 2016, as a result of which there should be increased demand for solutions that simplify, shorten and improve the quality of this procedure. MeVis has been addressing this potentially growing area for some time now with its Visia Lung CAD product and for this reason launched a dedicated lung screening solution in the second half of fiscal year 2014 and concluded a contract with a prominent medical technology company for its marketing. The introduction of broad-based lung screening programs would open up opportunities for MeVis to significantly expand its sales. This is associated with the risk that MeVis will not be able to establish itself successfully in this market and will not be able to utilize the considerable expenses for one of the most promising market developments.

c) Exchange rate risks and opportunities

MMS AG and its affiliates offer their services internationally and thus also outside the euro zone, in particular on the U.S. market. The revenues of MMS AG and its subsidiaries are invoiced in the currency in which the respective customer is headquartered. To date, the majority of MMS AG's services have therefore been invoiced in U.S. dollars, while the majority of the Company's expenses are to be paid in euros. This gives rise to opportunities and risks from exchange rate fluctuations, particularly in the case of medium- and long-term customer contracts, as are usually concluded, which can have a positive or negative impact on the Company's results of operations. In addition, a significant portion of the Company's liquidity and all of its loans to affiliated companies are denominated in U.S. dollars, which also gives rise to opportunities and risks.

In the past, MMS AG entered into various types of foreign exchange contracts to manage the foreign exchange risk resulting from cash flows from (anticipated) business activities denominated in foreign currencies in order to limit the resulting market risks. Transaction risk has been calculated in each relevant foreign currency. The Company's exposure to foreign exchange risk arises from its global operations, primarily the sale of products to U.S. customers, which is denominated in U.S. dollars. Due to the fact that the Company is part of the Varex Imaging Group and in accordance with its corporate policy, no new hedging transactions of this kind are entered into.

In addition, the Company identified the following opportunities and risks, which are less significant in terms of the extent of damage and/or expected damage compared to the above-mentioned opportunities and risks, whereby the risks are divided into those related to business activities, market-related risks and those related to research and development. In the individual areas, the risks are presented in the order of importance, starting with the highest significance:

## **BUSINESS RELATED OPPORTUNITIES AND RISKS**

a) Risks arising from dependence on key customers and opportunities arising from acquiring additional key customers

The Company generates a substantial portion of its revenue from business with a small number of key customers. These customers are of considerable importance for the commercial success of MMS AG. Some of the contracts concluded with these key customers are fixed term and run for several years. If the Company does not succeed in retaining the positive business relationships with these key customers or if these key customers decide against continuing these relationship for other reasons or become insolvent, this will have a direct detrimental effect on the Company's assets, liabilities, financial position and profit or loss. For this reason, MMS AG makes every effort to increase the number of business relationships such that the existing risk is minimized without impacting the quality or profitability of individual areas.

If MeVis succeeds in acquiring one or more additional key customers and can conclude contracts for license sales of existing or new software products, this would open up new sales contributions. In addition, this would also reduce the risks from dependence on individual medical technology companies due to a broader distribution of sales among more customers.

b) Risks related to the expiry of the SecurView™ agreement with Hologic as of December 31, 2021

The existing agreement with the medical technology company Hologic for the distribution of the SecurView™ product has been extended in January 2021 by one year and now runs until December 31, 2021. Due to the very large installed base of SecurView™ in the market, a need for maintenance services and possibly also new licenses is also assumed from January 1, 2022, so that a contract extension beyond December 31, 2021 is to be expected. A potential amendment or non-extension of the contract could in turn significantly impair the assets, liabilities, financial position and profit and loss due to the importance of this business for MeVis.

c) Opportunities and risks arising from dependence on customers' success

There are risks and opportunities in conjunction with the success of customers, even if relationships with key customers continue or they remain solvent; this is because the Company, due to existing contractual regulations, is contingent on its key customers' ability to market their own products successfully. The same applies in principle to indirect marketing through sales partners. If such products are not distributed successfully or if the customer is not able to obtain the necessary permits for its products, this will negatively impact demand for MMS AG's products as well as those of its affiliates. On the other hand, strong sales performance of the medical technology companies can have a positive effect on MeVis' licensing business.

d) Product liability risks

Despite consistent quality assurance, the risk of defects in MeVis' products cannot be ruled out. In such cases, MeVis may be exposed to warranty claims on the part of its contractual partners or product liability claims. In addition, disputes relating to warranty or product liability claims could result in a loss of confidence in the market and thus harm the MeVis Group's reputation.

e) Risks in connection with the utilization of brands

It is possible that there are third-party brands, names and company names which are similar to those used or registered as brands by MMS AG or its affiliate for similar or identical goods and services. Therefore there is a possibility of conflicts arising with third parties with respect to brands or designations (e.g. product or company names), which may result in MeVis not being permitted to use the designation or brand name in question. This would also entail the risk of liability for damages on the part of MMS AG or MBC KG.

f) Risks in connection with the utilization of patents and industrial property rights

MMS AG and MBC KG own a number of German, European and US patents and patent applications. In addition, MBC KG holds a German utility patent. The risk of third parties breaching the industrial property rights of the Company or its affiliate cannot be ruled out, nor can the risk of MeVis breaching third-party patents and industrial property rights be ruled out. By MeVis being part of an American company, the risk has increased that MeVis will be sued in the US for patent infringement and substantial legal costs will incur for the defense of these lawsuits regardless of their substance.

g) Risks associated with financial instruments

The main financial instruments used by MMS AG are a loan to Varex Imaging Deutschland AG as well as cash and cash equivalents. Cash and cash equivalents are intended to finance operations and purchases. The Company has various other financial instruments such as trade receivables and payables, which arise directly from operations. Significant credit and liquidity risks are so far not seen. For further information on exchange rate risks, please refer to our comments on opportunities and risks from exchange rate fluctuations.

#### h) Liquidity risks

A change to the business and market environment of MMS AG and its affiliates could result in the Companies no longer being in a position to meet their financial obligations arising during the course of their operations. Such an erosion of the Company's liquidity position could result in one of the above-mentioned risks, such as that with existing key customers, or significant payment delays. Securing liquidity therefore forms an integral part of the ongoing liquidity and debtor management at MMS AG and its affiliates. It is therefore just as important as financial due diligence for new customers. As of the reporting date, MMS AG reported cash and cash equivalents of € 2.6 million (prev. year: € 3.5 million). The Company assumes that this liquidity will be sufficient to meet its short and medium-term payment obligations. Additional liquidity needs may arise in years to come, if the planned sales revenues should not be achieved and at the same time the costs of the Company cannot be reduced accordingly. The Company had no credit facilities at banks as of the reporting date. The liquidity risks are significantly reduced by the obligation of Varex Imaging Deutschland AG to a possible assumption of losses, as stated in the domination and profit and loss transfer agreement, secured by comfort letters from the US parent company, Varex Imaging Corporation.

### MARKET-RELATED OPPORTUNITIES AND RISKS

#### a) Risks arising from the necessity for ongoing product optimization

In order to remain competitive, MeVis must improve its products on an ongoing basis to bring them into line with market trends taking regional requirements into account, and incorporate the latest technological developments in diagnostic, therapy and intervention methods. It is not possible to exclude the risk of future technological advances that could render the software developed by MeVis obsolete. If MeVis is unable to continue updating its software products in line with the swift and dynamic technological advances in the individual areas of application, this may have an adverse effect on order intake and thus on the assets, liabilities, financial position and profit or loss of MMS AG and its affiliates.

#### b) Risks arising from the further development of PACS systems

If the functional scope of PACS systems should continue to develop to a significant extent in the direction of the software applications offered by MeVis, this could have a negative impact on the market for dedicated software applications operated at work stations. The market for dedicated software applications is of pivotal importance for MeVis.

#### c) Risks from the increasing importance of fully integrated software applications for clinical end users

If clinical end users place greater value in future on the seamless integration of the software applications used in the IT landscape existing in the hospital, this would result in a market shift from individual suppliers of dedicated applications such as MeVis in favor of fully integrated PACS solutions, with negative consequences for MeVis' assets, financial position and results.

### RISKS IN CONNECTION WITH RESEARCH AND DEVELOPMENT

#### a) Risks arising from the availability of qualified executives and staff

The internal or external availability of a sufficiently large number of qualified employees required to maintain and expand the business is subject to risk against the backdrop of the current situation in the relevant segment of the labor market. In particular, individual know-how carriers who possess the special knowledge required for business operations in specific areas such as software development for medical technology applications are of great importance to MeVis. This is particularly the case against the backdrop of the fact that such highly qualified and specialized personnel can only be found to a limited extent on the free labor market. Despite internal succession plans, knowledge sharing and incentive systems, the loss of even one of these people could have a negative impact on the business activities and the net assets, financial position and results of operations of MMS AG, depending on the function.

## RISKS IN CONNECTION WITH ENVIRONMENTAL CATASTROPHES (e.g. CORONA PANDEMIC)

Since the beginning of the 2020 calendar year, we have been affected by the impact of the Corona pandemic. The Corona pandemic will leave significant marks on the global economy and the German economy. At present, we cannot rule out the possibility of a major negative impact on our sales performance as the pandemic progresses, e.g. as a result of a drop in demand from industrial customers, hospitals and clinics due to a shift in priorities for new investments. Furthermore, payment difficulties on the part of customers could lead to liquidity bottlenecks. At present we cannot identify any negative payment behavior on the part of 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 as a result of partial closures due to employees falling ill or being quarantined. However, we do not expect these possible partial closures to have any impact on the development and sale of our products, as a very large proportion of MeVis employees already work from home today. In order to ensure business operations and minimize the impact of the pandemic on our business, we have initiated measures such as increased hygiene and safety standards, reduction of physical contacts, avoidance of third party visits, business travel restrictions, extension of home office options as well as regular meetings of the crisis team led by the Executive Board. The situation is continuously monitored in order to quickly identify new developments, assess potential impacts and make adjustments as necessary.

Overall, the Executive Board continues to see no risks to the continued existence of MMS AG as a going concern, also against the background of the existing domination and profit and loss transfer agreement and the associated obligation of Varex Imaging Deutschland AG to assume losses, as well as the letter of comfort issued by Varex Imaging Corporation.

## ACCOUNTING AND AUDITING

MeVis Medical Solutions AG prepares its statutory annual financial statements and management report in accordance with the accounting provisions of the German Commercial Code. Furthermore, the Company voluntarily prepared separate financial statements and a management report in accordance with International Financial Reporting Standards (IFRS) until fiscal year 2017/2018. The half-year financial report and interim reports were also prepared in accordance with International Financial Reporting Standards (IFRS) for the 2018/2019 fiscal year. Since the change of the Company to the General Standard of the Frankfurt Stock Exchange at the end of the 2018/2019 fiscal year, the Company has only prepared its financial reporting in accordance with the accounting requirements of the German Commercial Code. Quarterly reports or quarterly announcements are not prepared and published.

The financial statements are prepared by the Executive Board and examined by the Supervisory Board. The Supervisory Board has commissioned the auditors appointed by the Annual General Meeting for fiscal year 2019/2020, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, to audit the financial statements for fiscal 2019/2020. In this context, it is ensured that no conflicts of interest affect the auditor's work.

The audits of the annual financial statements for fiscal 2018/2019 were also performed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, in accordance with German generally accepted standards for the audit of financial statements issued by the Institut für Wirtschaftsprüfer (IDW).

## ACCOUNTING RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

In general, the risk management system and the internal control system also include the accounting processes as well as all risks and controls in relation to accounting. This concerns all elements of the risk management system and internal control system, which may have significant impact on MMS AG's annual financial statements.

The purpose of the risk management system in relation to the accounting processes is the identification and assessment of risks that may conflict with the aim of compliance of the annual financial statements with the standards. Any risks identified must be assessed in terms of their effect on the annual financial statements and management report. The objective of the internal control system in this context is to ensure with sufficient certainty – by implementing appropriate controls – that standards-compliant annual financial statements and management report are prepared in spite of the risks identified.

The Company has an internal control and risk management system covering the accounting process, in which suitable structures and processes are defined, and implemented in the organization. Prompt and accurate accounting is ensured for all transactions. Statutory standards and accounting standards are complied with, and the relevance and impacts on the annual financial statements of amendments to the laws and accounting standards are analyzed, adopted and implemented on a continuous basis. The staff involved is regularly trained.

Key elements of risk management and control in accounting are the clear allocation of responsibilities and controls in the preparation of financial statements, transparent guidelines for preparing the balance sheet and the financial statements, and appropriate access regulations in the IT systems relevant to the financial statements. The dual control principle and the separation of functions are also important control principles in MeVis' accounting process. The identified risks and corresponding measures taken are updated at appropriate intervals and reported to management. The effectiveness of internal controls with regard to accounting is assessed at least once a year, primarily as part of the financial statement preparation process.

## OUTLOOK

Fiscal year 2019/2020 developed better for MeVis than assumed in the forecast: In the original forecast, we assumed a significant decline in sales to € 15.5 million to € 16.0 million based on the business assessment of our customers, whereas sales in fiscal year 2019/2020 declined to € 17.1 million. The significantly better revenue development compared with the forecast is mainly due to the fact that the expected decline in revenue from Hologic, caused by a further delay in its new product release, did not materialize as expected. While revenue from the maintenance business developed better than expected, revenue from the licensing business declined slightly, contrary to the forecast. Fortunately, revenues from development services also improved compared to the forecast. The Corona pandemic had only a minor impact on the Company's business.

The picture is similar for EBIT: a decline to € 4.5 million to € 5.0 million was originally forecast for this performance indicator in fiscal year 2019/2020. In fact, EBIT decreased to € 5.8 million. In particular, the significant improvement in sales compared with the forecast contributed to EBIT exceeding the original forecast, despite a deterioration in earnings from exchange rate differences.

For fiscal 2020/2021, revenues are now expected to fall significantly compared with the previous year to between € 15.0 million and € 15.5 million. In addition to the renewed expected decline in sales with the customer Hologic, falling sales in the area of development services are expected, as fewer development services will be provided compared with 2019/2020. Earnings before interest and taxes (EBIT) are expected to decline to between € 3.5 million and € 4.0 million. The forecast decline in sales, with earnings from exchange rate differences expected to break even, is the main driver of the EBIT decrease. Possible effects of the current Corona pandemic have played a role in the budgeting process. It is very difficult to assess possible impacts. On the one hand, we know that service providers (e.g. hospitals) are making fewer resources available for investments due to other priorities at present, but on the other hand we have not been able to identify any significant decline in our business due to the Corona pandemic in the last nine months and have therefore not made any specific Corona deductions from our budget.

As in the past reporting period, the Executive Board will regularly review its expectations in the course of the 2020/2021 fiscal year on the basis of current business developments.

Bremen, January 22, 2021

A handwritten signature in black ink, appearing to read 'Marcus Kirchhoff', written over the printed name.

Marcus Kirchhoff

CEO

## STATEMENT OF FINANCIAL POSITION

[illegible]

<b>EQUITY AND LIABILITIES (FIGURES IN €)</b>	<b>Sept. 30, 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. Additional paid-in capital</b>	11,461,332.48	11,461,332.48
<b>III. Retained earnings</b>		
1. Legal reserve	5,000.00	5,000.00
2. Other revenue reserves	4,539,688.30	4,539,688.30
	4,544,688.30	4,544,688.30
	17,826,020.78	17,826,020.78
<b>B. Rückstellungen</b>		
1. Provisions for pensions	369,850.00	284,074.04
2. Provisions for taxes	170,000.00	428,735.35
3. Other accruals	1,914,186.15	1,774,407.56
	2,454,036.15	2,487,216.95
<b>C. Verbindlichkeiten</b>		
1. Advance payments received on orders	21,140.51	16,476.74
2. Liabilities from deliveries and services	92,744.29	10,566.04
3. Liabilities to affiliated companies Company	5,703,907.05	1,570,939.48
4. Other liabilities -from taxes € 113,181.39 (previous year € 105,864.51)- -from it within the framework of social security € 28,277.48 (previous year. € 14,229.66)-	148,464.60	154,466.47
	5,966,256.45	1,752,448.73
<b>D. Prepaid expenses and deferred charges</b>	1,544,531.97	1,854,084.66
	27,790,845.35	23,919,771.12

## MeVis Medical Solutions AG, Bremen

## INCOME STATEMENT

for the period from October 1, 2019 to September 30, 2020

(previous year: October 1, 2018 to September 30, 2019)

FIGURES IN €	2019/2020	2018/2019
1. Revenues	17,130,932.85	18,073,388.20
2. Other operating income	960,494.67	2,221,174.74
--of which from currency translation € 742,286.26 (prev. year: € 2,132,916.17)--		
3. Cost of material		
a) Cost of material	92,411.98	132,218.43
b) Cost of purchased goods	533,800.59	324,787.34
	626,212.57	457,005.77
4. Staff costs		
a) Wages and salaries	7,190,474.34	6,836,231.14
b) Social security contributions and ex- penses for pensions and other bene- fits	1,361,950.28	1,248,515.45
--of which for pensions € 84,511.48 (prev. year: € 138,486.58)--	8,552,424.62	8,084,746.59
5. Amortization of intangible assets and de- preciation of property, plant and equip- ment	167,507.15	256,028.85
6. Other operating expenses	3,240,413.11	3,946,963.40
--of which from currency translation € 1,108,094.39 (prev. year: € 1,724,652.43)--		
7. Income from investments	126,587.81	446,646.86
--of which from affiliated companies € 126,587.81 (prev. year: € 446,646.86)		
8. Income from loans held as financial as- sets	174,653.66	169,259.62
--of which from affiliated companies € 174,653.66 (prev. year: € 169,259.62)--		
9. Other interest and similar income	0.00	54.67
10. Interest and similar expenses	11,728.00	9,840.00
--of which from accrued interest € 11,728.00 (prev. year: € 9,840.00)--		
11. Taxes on income and earnings	90,476.49	85,000.00
12. Earnings after taxes	5,703,907.05	8,070,939.48
13. Profit transferred under a profit transfer agreement	5,703,907.05	8,070,939.48
14. Net income for the year	0.00	0.00

# STATEMENT OF CASH FLOWS

for the period from October 1, 2019 to September 30, 2020

(previous year: October 1, 2018 to September 30, 2019)

FIGURES IN €	2019/2020	2018/2019
<b>Net income before profit transfer</b>	<b>5,703,907.05</b>	<b>8,070,939.48</b>
+ Depreciation of fixed assets	167,507.15	256,028.85
+/- Increase/decrease in provisions	213,826.55	389,527.52
+/- Other non-cash expenses/income	200,634.85	-109,192.64
Increase/decrease in trade receivables and other assets not attributable to investment or financing activities	-2,619,056.00	-1,018,212.13
-/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	-228,712.54	441,994.81
+/- Net interest income	-162,925.66	-159,474.29
- Other investment income	-126,587.81	-446,646.86
+ Income tax expense	90,476.49	85,000.00
- Income tax payments	-349,211.84	-965,232.25
<b>= Cash flow from operating activities</b>	<b>2,889,858.24</b>	<b>6,544,732.49</b>
Payments made for investments in property, plant and equipment	-102,554.17	-202,922.14
- Payments for short-term funds made available	0.00	-6,500,000.00
+ Interest Received	165,008.89	335,362.15
- Dividends received	126,587.81	446,646.86
<b>= Cash flow from investing activities</b>	<b>189,042.53</b>	<b>-5,920,913.13</b>
- Payment to shareholders (remaining profit transfer)	-1,570,939.48	-1,619,212.33
<b>= Cash flow from financing activities</b>	<b>-1,570,939.48</b>	<b>-1,619,212.33</b>
<b>= Net change in cash and cash equivalents</b>	<b>1,507,961.29</b>	<b>-995,392.97</b>
+/- Effect of exchange rate changes on cash and cash equivalents	-154,581.44	118,440.86
<b>+ Cash and cash equivalents at the beginning of the period</b>	<b>2,600,250.91</b>	<b>3,477,203.02</b>
<b>= Cash and cash equivalents at the end of the period</b>	<b>3,953,630.76</b>	<b>2,600,250.91</b>

## STATEMENT OF CHANGES IN EQUITY

for the period from October 1, 2019 to September 30, 2020

(previous year: October 1, 2018 to September 30, 2019)

FIGURES IN €	Subscribed Capital	Reserves			Net income for the year	Total
		Capital reserve	Retained earnings	Retained earnings		
	Ordinary shares	According to § 272 para. 2 No. 1 - 3 HGB	legal reserve	other revenue reserves		
<b>As at Oct. 1, 2018 until Sep. 30, 2019</b>	<b>1,820,000.00</b>	<b>11,461,332.48</b>	<b>5,000.00</b>	<b>4,539,688.30</b>	<b>0.00</b>	<b>17,826,020.78</b>
<b>As at Oct. 1, 2019 until Sep. 30, 2020</b>	<b>1,820,000.00</b>	<b>11,461,332.48</b>	<b>5,000.00</b>	<b>4,539,688.30</b>	<b>0.00</b>	<b>17,826,020.78</b>

## MeVis Medical Solutions AG, Bremen

# NOTES FOR THE FISCAL YEAR 2019/2020

## ACCOUNTING AND MEASUREMENT POLICIES

MeVis Medical Solutions AG is located in Bremen and is registered in the Commercial Register of the District Court of Bremen (HRB 23791 HB).

The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code (HGB) applicable to corporations and in compliance with the German Stock Corporation Act. For the income statement the total cost method was chosen. The annual financial statements have been prepared on a going concern basis.

The company is a large corporation within the meaning of Sec. 267 (3) HGB.

The fiscal year of MeVis Medical Solutions AG comprises the reporting period from October 1 of each year to September 30 of the following year. These annual financial statements cover the period from October 1, 2019 to September 30, 2020.

**Purchased intangible fixed assets** are carried at cost less scheduled straight-line depreciation. If necessary, extraordinary depreciation is applied. Software for commercial and technical applications is amortized over a useful life of three years. The amortization of acquired rights of use for software intended for marketing is based on a useful life of five years.

**Property, plant and equipment** is valued at acquisition cost less scheduled depreciation. Depreciation is calculated using the straight-line method, taking into account the normal useful life. Extraordinary depreciation is charged where necessary.

Scheduled straight-line depreciation is based on the following estimated useful lives of the assets

	Useful life in years
IT equipment	3
Business equipment	3 - 10
Leasehold improvements	5 - 10

Low-value assets and standard software with acquisition costs between € 250.00 and € 800.00 are written down within the year of acquisition.

**Shares in affiliated companies** are measured at cost. If there is a permanent reduction in value, they are written down to the lower fair value. This is determined using the discounted cash flow method on the basis of the respective corporate planning. The planned surplus income is derived using a capitalization interest rate derived from the return on a risk-adequate alternative investment. If the reasons for a write-down no longer exist, this is accounted for by means of a write-up.

**Loans** are generally carried at nominal value.

**Receivables and other assets** are stated at their nominal values less appropriate individual value adjustments.

**Cash and cash equivalents** are stated at their nominal value.

**Prepaid expenses** include payments made before the balance sheet date if they represent expenses for a specific period after this date.

**Equity** is stated at nominal value.

**Pension provisions** are recognized at the higher of the present value of the defined benefit obligation or the fair value of the reinsurance policies taken out to cover the claims of the beneficiaries. In accordance with § 246 (2) sentence 2 HGB, the carrying amounts of the reinsurance policies and pension provisions are offset against each other.

**Tax accruals** and **other accruals** are stated at the amount which, according to sound business judgment, is necessary to meet the underlying obligations. They include all identifiable risks and uncertain liabilities. Provisions with a remaining term of more than one year are discounted at an average market interest rate appropriate to the period.

**Liabilities** correspond to the agreed payment obligations and are carried at their settlement amount.

Advance **payments received** are measured at nominal value.

**Deferred income** includes payments received prior to the balance sheet date if they represent income for a specific period after that date.

**Foreign currency translation** is performed in accordance with the realization and imparity principle for items with a remaining term of more than one year. Items with a remaining term of up to one year are translated at the mean spot exchange rate on the reporting date.

## NOTES TO THE FINANCIAL POSITION

### Fixed assets

A presentation of the development of fixed asset items (fixed asset movement schedule) based on the total acquisition costs is shown in the appendix to the notes.

### Shares in affiliated companies

MeVis Medical Solutions AG (hereafter also referred as "MMS AG" or the "Company") holds equity interests in the following companies:

FIGURES IN € k	Share in capital	Amount of equity capital	Annual result
1. MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen, Germany	51.0 %	31	0
2. MeVis BreastCare GmbH & Co KG, Bremen, Germany	51.0 %	3.033	261

The figures shown in the table refer to September 30, 2020.

### Receivables and other assets

Of the receivables and other assets, other assets amounting to € 250 k (prev. year: € 0 k) have a remaining term of more than one year. As in the previous year, the remaining receivables and other assets have a remaining term of up to one year.

Trade receivables amounted to € 2,747k as of the balance sheet date (prev. year: € 2,498 k) and mainly relate to receivables from customers Hologic, Vital Images and Invivo.

Receivables from affiliated companies relate in the amount of € 160 k (prev. year: € 234 k) to trade with MBC KG and in the amount of € 3,739 k (prev. year: € 1,680 k) to trade with Varex Imaging Deutschland AG and Varex Imaging Corporation.

Other assets amounted to € 409 k (prev. year: € 14 k) as of the balance sheet date. These mainly relate to a rental deposit in the amount of € 250 k and receivables from a grant project in the amount of € 125 k.

### Accrued income and prepaid expenses

Prepaid expenses mainly include a payment for software licenses to be called up in the future and a payment for rental and ancillary costs for the month of October 2020.

## Taxes

As a result of the income tax unity in place between Varex Imaging Deutschland AG and MMS AG since October 1, 2017, MMS AG will generally no longer be subject to taxes. The income taxes of € 90 k incurred in the current reporting year result from the taxation of the compensation payment made by Varex Imaging Deutschland AG to the outside shareholders at MMS AG in accordance with Sec. 16 KStG.

Deferred taxes arise from temporary valuation differences between the commercial and tax balance sheets, which, when settled in later years, result in charges or relief. Deferred tax assets also arise from tax loss carryforwards that can be taken into account. Due to the fiscal unity for income tax purposes, deferred taxes are only to be recognized for the controlling company, Varex Imaging Deutschland AG, in accordance with the formal approach required under commercial law.

## Equity

### a) Share capital

The share capital of MMS AG amounts to € 1,820 k (2018/2019: € 1,820 k). It consists of 1,820,000 (2018/2019: 1,820,000) no-par value registered shares, which are fully paid up. The notional value of each share is € 1.

### b) Capital reserve

The capital reserve amounts to € 11,461 k (prev. year: € 11,461 k) and originally corresponded to the proceeds of the IPO which were received by the company in excess of the increase in share capital. As of December 31, 2013, a partial amount of the capital reserve of € 18,326 k was used to offset the net loss for 2013 and the loss carried forward from the previous year in accordance with Sec. 150 (4) of the German Stock Corporation Act (AktG). As of April 21, 2015, the Company's treasury shares were tendered to VMS Deutschland Holdings GmbH at a price of € 17.50 per share as part of the voluntary takeover bid.

### c) Retained earnings

In accordance with § 150 AktG (German Stock Corporation Act), a legal reserve of € 5 k was created in 2006. Since the sum of the legal reserve and the capital reserve exceeds 10 % of the share capital, no further allocations are required.

### d) Authorized Capital

In accordance with the resolution of the Annual General Meeting on June 9, 2015, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital by up to € 910 k in the period until June 8, 2020, by issuing new no-par value registered shares on one or more occasions against cash or non-cash contributions. In principle, the shareholders are to be granted a subscription right; the statutory subscription right may also be granted in such a way that the new shares are taken over by one or more banks or companies equivalent to these banks in accordance with Sec. 186 (5) sentence 1 AktG with the obligation to offer them to the shareholders of MeVis Medical Solutions AG for subscription. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude the shareholders' subscription rights in certain cases.

### e) Announcements according to WpHG

As of the reporting date, MMS AG had received the following compulsory disclosures in accordance with Sec. 21 et seq. of the German Securities Trading Act (WpHG), concerning changes in the voting rights held in MMS AG:

- 1) On March 30, 2015 Oppenheim Asset Management Services S.à.r.l., Luxembourg, Luxembourg (since the end of 2017: Hauck & Aufhaeuser Fund Services S.A., Munsbach, Luxembourg) notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the threshold of 3% of the voting rights on March 24, 2015 and stood at 3.012 % (equivalent to 54,820 voting rights) on that date.

- 2) On January 5, 2017, Varex Imaging Deutschland AG, Willich, Germany, informed us in accordance with Sec. 21 (1) WpHG that it had received a power of attorney from VMS Deutschland Holdings GmbH on December 31, 2016 to exercise the voting rights in MeVis Medical Solutions AG, Bremen, Germany, without instructions and for an unlimited period of time. On this day, pursuant to Sec. 22 (1) WpHG 73.65 % (corresponding to 1,340,498 voting rights).

On January 5, 2017, Varex Imaging Investments BV, Dinxperlo, the Netherlands, informed us in accordance with Sec. 21 (1) WpHG that its subsidiary, Varex Imaging Deutschland AG, Willich, Germany, had received a power of attorney from VMS Deutschland Holdings GmbH on December 31, 2016 to exercise the voting rights in MeVis Medical Solutions AG, Bremen, Germany, without instructions and for an unlimited period of time. On that day, 73.65 % of the voting rights (corresponding to 1,340,498 voting rights) were attributed to it pursuant to Sec. 22 (1) WpHG.

On January 5, 2017, Varex Imaging International Holdings BV, Dinxperlo, the Netherlands, informed us in accordance with Sec. 21 (1) WpHG that its second-tier subsidiary, Varex Imaging Deutschland AG, Willich, Germany, had received a power of attorney from VMS Deutschland Holdings GmbH on December 31, 2016 to exercise the voting rights in MeVis Medical Solutions AG, Bremen, Germany, without being bound by instructions and for an unlimited period of time. On that day, 73.65 % of the voting rights (corresponding to 1,340,498 voting rights) were attributed to it pursuant to Sec. 22 (1) WpHG.

On January 5, 2017, Varex Imaging Corporation, Wilmington, Delaware, USA, informed us in accordance with Sec. 21 (1) WpHG that its great-grandchild company, Varex Imaging Deutschland AG, Willich, Germany, had received a power of attorney from VMS Deutschland Holdings GmbH on December 31, 2016 to exercise the voting rights in MeVis Medical Solutions AG, Bremen, Germany, without being bound by instructions and for an unlimited period. On that day, 73.65 % of the voting rights (corresponding to 1,340,498 voting rights) were attributed to it pursuant to Sec. 22 (1) WpHG.

Complete chain of subsidiaries starting with the ultimate controlling company: Varex Imaging Corporation, Varex Imaging International Holdings BV, Varex Imaging Investments BV, Varex Imaging Deutschland AG

- 3) On June 7, 2017, HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us pursuant to Sec. 21 (1) WpHG that its share of the voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the threshold of 5% of the voting rights on June 6, 2017 and stood at 5.51 % (equivalent to 100,277 voting rights) on that date.

## Provisions

### a) Pension obligations

The settlement amount of pension provisions (€ 781 k; prev. year: € 688 k) is initially calculated in line with the benefit obligations arising from pension commitments, taking biometric probabilities into account on the basis of the Heubeck 2018 G mortality tables using the projected unit credit method. The contractually agreed interest rate of 4% is taken into account when determining the present value of the vested pension rights. The calculation of the provision for pensions was based on an average fluctuation rate of 1.5 % p.a. (prev. year: 1.5% p.a.). (prev. year: 1.5 % p.a.). The discount rate used is the interest rate published by the Deutsche Bundesbank for a remaining term of 15 years. In accordance with Sec. 253 (2) sentence 1 HGB (new version), pension accruals were discounted at the balance sheet date using an average market interest rate for the last ten years (2.42 %; prev. year: 2.82 %). The average market interest rate for the last seven years is 1.71 % (prev. year: 2.05 %). The difference pursuant to Sec. 253 (6) Sentence 1 HGB amounts to € 151 k (prev. year: € 146 k). The difference is the difference between the pension provisions measured at the 10-year average interest rate on the balance sheet date and the pension provisions measured at the 7-year average interest rate on the balance sheet date. There is a dividend distribution block in the amount of the difference. The difference is included in the profit and loss transfer to Varex Imaging Deutschland AG and has therefore not been subject to a transfer block.

In accordance with the provisions of Sec. 246 (2) Sentence 2 HGB, pension provisions have been offset against the fair value of the reinsurance policy (€ 411 k; prev. year: € 404 k). The fair value of the reinsurance policy corresponds to the policy reserve proven by the insurer. This value also corresponds to the acquisition costs amortized in line with the lower of cost or market principle.

b) Provisions for taxes

Tax provisions amount to € 170 k (prev. year: € 429 k). The tax provisions are based on MMS AG's tax returns and calculations for the years 2019 and 2020.

c) Other accruals

Other provisions amount to € 1,914 k (prev. year: € 1,774 k). Of this amount, € 432 k (prev. year: € 540 k) relates primarily to bonus provisions, € 385 k (prev. year: € 350 k) to provisions for the 13th salary, € 276 k (prev. year: € 239 k) to provisions for vacations and overtime, € 595 k (prev. year: € 277 k) to outstanding invoices, and € 152 k (prev. year: € 155 k) to provisions for warranties.

## Liabilities

In the period under review, trade payables increased by € 80 k and amounted to € 93 k at the reporting date. As in the previous year, there were no liabilities to affiliated companies relating to current offsetting. Liabilities to affiliated companies of € 5,704 k (prev. year: € 1,571 k) relate to the transfer of profits under the existing domination and profit and loss transfer agreement with Varex Imaging Deutschland AG.

As in the previous year, all liabilities have a term of up to one year as of September 30, 2019.

## Deferred income and accrued expenses

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

## NOTES TO THE INCOME STATEMENT

### Revenues

Revenues have been recognized in accordance with the new definition of Section 277 (1) HBG in the version of BilRUG and are broken down by type of revenue as follows:

FIGURES IN € k	2019/2020	2018/2019
Maintenance	6,230	6,856
Sale of licenses	5,286	5,320
Others	5,615	5,897
	<b>17,131</b>	<b>18,073</b>

In fiscal year 2019/2020 the Company generated the majority of its revenues in the United States (€ 13,554 k; prior year: € 14,289 k) with its customers Hologic, Varian, Varex, Vital Images and Invivo. This applies to both revenues from the sale of licenses and revenues from maintenance and other services. Accordingly, sales revenues of € 3,577 k (prior year: € 3,784 k) were generated in Europe.

Other sales include income of € 1,198 k (previous year: € 1,147 k) from the recharging of personnel expenses, rent and incidental costs.

Sales revenues are partly subject to estimates, insofar as final invoicing of the services actually provided is only made annually and not at the balance sheet date.

### Other operating income

Other operating income amounted to € 960 k in the financial year under report (previous year: € 2,221 k). Of this amount, € 742 k is mainly attributable to exchange rate differences (previous year: € 2,133 k). 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. Because the company belongs to the Varex Imaging Group and follows its corporate policy, no exchange rate hedging transactions are concluded.

### Personnel expenses

Personnel expenses amount to € 8,552 k in 2019/2020 (previous year: € 8,085 k). The average number of employees in the year under report was 108 (previous year: 102 employees). Of these, 4 (previous year: 4) were temporary employees. The average figures do not include the Board of Management. There were no industrial employees and one executive employee in the current financial year (previous year: industrial: 0, executive: 0).

### Other operating expenses

Other operating expenses amount to € 3,240 k in 2019/2020 (previous year: € 3,947 k). These mainly relate to expenses from exchange rate differences of € 1,108 k (previous year: € 1,725 k), rental expenses of € 431 k (previous year: € 429 k), legal, consulting and auditing expenses of € 516 k (previous year: € 448 k), telephone/internet expenses of € 168 k (previous year: € 100 k), operating expenses (energy, cleaning, maintenance, etc.) of € 123 k (previous year: € 159 k) and sales expenses of € 112 k (previous year: € 273 k). With regard to expenses arising from exchange rate differences, please refer to the explanatory notes on other operating income.

### Income from investments

The amount reported relates in full to the distribution of € 127 k by MBC KG, which was resolved in the shareholders' meeting minutes of July 2020 and is attributable to MMS AG on a pro rata basis.

### Income from loans of financial assets

Income from loans of the company's financial assets amounts to a total of € 175 k in 2019/2020 (previous year: € 169 k). This relates to interest income from a fixed-interest loan to the shareholder amounting to € 175 k (previous year: € 169 k). In the previous year, this interest income was still reported under other interest and

similar income. As the interest income relates to a loan of financial assets, the previous year has been adjusted accordingly.

#### **Interest income**

The company's interest income in 2019/2020 totaled € 0 k (prev. year: € 0 k). With regard to the adjustment of other interest and similar income in the previous year, please refer to our comments on income from long-term loans.

#### **Interest expense**

The interest expense amounts to € 12 k in 2019/2020 (prev. year: € 10 k) and is entirely attributable to the net interest expense on pension provisions after offsetting against income from the cover assets of € 8 k (prev. year: € 8 k).

## **NOTES TO THE CASH FLOW STATEMENT**

The cash and cash equivalents are identical to the item "Cash on hand, bank balances".

## OTHER INFORMATION

### Other financial obligations and contingent liabilities

The Company's other financial obligations as of September 30, 2020, amount to € 1,444 k (previous year: € 1,970 k). Of this total, rental agreements accounted for € 1,315 k (previous year: € 1,842 k) and leasing agreements for € 129 k (previous year: € 128 k).

The rental agreements are exclusively rental agreements with limited terms for office space. The leasing contracts relate to motor vehicles and photocopying stations.

All of the leases entered into by MMS AG in fiscal 2019/2020 are operating leases for cars and photocopying stations. The economic ownership and, hence, the realization risk of the leased assets lies with the respective lessor.

Under Section 3 of the articles of incorporation of MBC KG, MMS AG has undertaken to grant the affiliated company a loan of up to € 820 k at standard banking conditions without delay in the event of any capital requirements in excess of the capital contributions. However, in view of the economic situation of MBC KG, we do not assume that MBC KG will be dependent on additional loans in the short term to maintain its liquidity.

### Related party transactions

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

Related parties include the jointly controlled companies MBC KG and MBC GmbH, Varex Imaging Deutschland AG and, via 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 loans granted)	16,225
Receivables (from services)	70
Liabilities (from profit and loss transfer agreement)	5,704
Income (mainly services and interest income)	876
Expenses (from profit and loss transfer agreement)	5,704
<b>Other affiliated companies</b>	
Receivables (from services)	3,825
Income (mainly services and interest income)	2,895
Expenses (from services)	0

Information on the remuneration of the members of the executive bodies is provided in the following sections.

## Information on the company's bodies

Overview of the members of the Executive Board and Supervisory Board of MMS AG working full-time for the Company:

### EXECUTIVE BOARD

Marcus Kirchhoff Chairman Dassendorf	from Mar. 1, 2012	<ul style="list-style-type: none"> <li>Member of the Shareholders' Committee of MeVis BreastCare GmbH &amp; Co. KG</li> <li>Member of the Executive Board of Varex Imaging Deutschland AG (since Jan. 20, 2017)</li> </ul>
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### SUPERVISORY BOARD

Kimberley E. Honeysett Chairperson Sandy, Utah, USA	from Mar. 8, 2017	<ul style="list-style-type: none"> <li>Senior Vice President, General Counsel und Corporate Secretary at Varex Imaging Corporation</li> <li>Member of the Supervisory Board of Varex Imaging Deutschland AG (Oct. 20, 2016 to May 31, 2018 and since Oct. 11, 2019)</li> <li>Member of the Board of Directors of Varex Imaging International AG, Switzerland (since Nov. 25, 2016)</li> </ul>
Sunny Sanyal Deputy Chairman Sandy, Utah, USA	from Sep. 24, 2020	<ul style="list-style-type: none"> <li>Chief Executive Officer at Varex Imaging Corporation</li> <li>Member of the Supervisory Board of Varex Imaging Deutschland AG (since Sep. 27, 2020)</li> <li>Non-executive Board member der Medical Imaging Technology Alliance (MITA)</li> </ul>
Matthew C. Lowell Los Altos, California, USA	from Mar. 8, 2017	<ul style="list-style-type: none"> <li>Vice President, Finance - Treasury &amp; Business Development at Varex Imaging Corporation</li> <li>Member of the Supervisory Board of Varex Imaging Deutschland AG (Jan. 20, 2017 to May 31, 2018 and since Oct. 11, 2019)</li> </ul>
Clarence R. Verhoef Deputy Chairman Sandy, Utah, USA	from Mar. 8, 2017  Until Sept 23, 2020	<ul style="list-style-type: none"> <li>Senior Vice President and Chief Financial Officer at Varex Imaging Corporation</li> <li>Member of the Supervisory Board of Varex Imaging Deutschland AG (Oct. 20, 2016 to May 31, 2018 and since Oct. 11, 2019)</li> <li>Member of the Board of Directors of Varex Imaging International AG, Switzerland (since Nov. 25, 2016)</li> </ul>

## Remuneration of the Executive Board

In agreement with the members of the Executive Board, the Supervisory Board has decided to abolish the variable remuneration component at the beginning of fiscal year 2017/2018. This was done because the members of the Executive Board are also members of the Executive Board of Varex Imaging Deutschland AG, which holds a majority interest in the Company and with which a domination and profit and loss transfer agreement exists. At Varex Imaging Deutschland AG, the members of the Executive Board receive variable remuneration based on the Group's success of Varex Imaging Corporation as of fiscal year 2017/2018. As a result of the domination and profit and loss transfer agreement, the Company's success is no longer an indicator of the success of the managerial performance, so the variable remuneration no longer seemed to be meaningful to the Supervisory Board.

In fiscal year 2019/2020, the member of the Executive Board received the following remuneration:

FIGURES IN €	Fixed remuneration	Performance-related remuneration	Components with long-term incentive characteristic	Pecuniary benefits from non-cash benefits	Stock options	Total
	Salary	Bonus	Bonus with share price dependent lever			
Marcus Kirchhoff	293,799.96	0.00	0.00	9,355.53	0.00	303,155.49
<b>Total</b>	<b>293,799.96</b>	<b>0.00</b>	<b>0.00</b>	<b>9,355.53</b>	<b>0.00</b>	<b>303,155.49</b>

In addition, Mr. Kirchhoff received from Varex Imaging Deutschland AG 4,303 shares (restricted stock units) of Varex Imaging Corporation with holding periods between 2 and 4 years and sold shares (restricted stock units) of Varex Imaging Corporation from previous grants in the amount of € 37,665.49. Mr. Kirchhoff also received a bonus payment of € 92,315.00 from Varex Imaging Deutschland AG.

Dr. Hannemann left the company on March 31, 2019, and thus no longer received fixed remuneration for the 2019/2020 financial year. However, he received an outstanding bonus payment of € 31,290.00 from Varex Imaging Deutschland AG in the past financial year.

In addition, a provision for performance-related remuneration in the amount of € 97,200.00 was recognized for Mr. Kirchhoff at Varex Imaging Deutschland AG for the financial year 2019/2020.

In fiscal year 2018/2019, the members of the Executive Board received the following remuneration:

FIGURES IN €	Fixed remuneration	Performance-related remuneration	Components with long-term incentive characteristic	Pecuniary benefits from non-cash benefits	Stock options	Total
	Salary	Bonus	Bonus with share price dependent lever			
Marcus Kirchhoff	269,700.00	0.00	0.00	8,902.39	0.00	278,602.39
Dr. Robert Hannemann	101,800.02	0.00	0.00	0.00	0.00	101,800.02
<b>Total</b>	<b>371,500.02</b>	<b>0.00</b>	<b>0.00</b>	<b>8,902.39</b>	<b>0.00</b>	<b>380,402.41</b>

In addition, Mr. Kirchhoff and Dr. Hannemann received Varex Imaging Corporation shares worth € 27,673.92 and € 42,637.30, respectively, from Varex Imaging Deutschland AG. In addition, Varex Imaging Deutschland AG made provisions for performance-related compensation of € 97,200.00 for Mr. Kirchhoff and € 34,800.00 for Dr. Hannemann for the fiscal year 2018/2019.

According to the criteria of the German Corporate Governance Code (GCGC), the Executive Board remuneration is as follows:

#### Grants awarded

In the years 2018/2019 and 2019/2020, the Executive Board were granted the following benefits:

FIGURES IN € k	Marcus Kirchhoff Executive Board Chairman				Dr. Robert Hannemann Executive Board Member			
	2019/ 2020	2019/ 2020 (Min)	2019/ 2020 (Max)	2018/ 2019	2019/ 2020	2019/ 2020 (Min)	2019/ 2020 (Max)	2018/ 2019
<b>Benefits received</b>								
Fixed remuneration	294	294	294	270	0	0	0	102
Additional benefits	9	9	9	9	0	0	0	0
<b>Total</b>	<b>303</b>	<b>303</b>	<b>303</b>	<b>279</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102</b>
Annual variable remuneration	0	0	0	0	0	0	0	0
Multi-year variable remuneration								
Bonus on a share dependent lever	0	0	0	0	0	0	0	0
Stock options	0	0	0	0	0	0	0	0
<b>Total variable remuneration</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Pension expenses	0	0	0	0	0	0	0	0
<b>Total remuneration</b>	<b>303</b>	<b>303</b>	<b>303</b>	<b>279</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>102</b>

#### Inflows

In the years 2018/2019 and 2019/2020 the following inflows were received by the Executive Board members:

FIGURES IN € k	Marcus Kirchhoff Chairman of the Board		Dr. Robert Hannemann Board of Directors	
	2019/2020	2018/2019	2019/2020	2018/2019
<b>Inflow</b>				
Fixed compensation	294	270	0	102
Additional services	9	9	0	0
<b>Total</b>	<b>303</b>	<b>279</b>	<b>0</b>	<b>102</b>
One-year variable remuneration	0	0	0	0
Multi-year variable remuneration				
Bonus with share price-dependent leverage	0	0	0	0
Stock options	0	0	0	0
<b>Total variable compensation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Utility expenses	0	0	0	0
<b>Total compensation</b>	<b>303</b>	<b>279</b>	<b>0</b>	<b>102</b>

In the financial year 2018/2019, Mr. Kirchhoff and Dr. Hannemann received shares in Varex Imaging Corporation worth € 27,673.92 and € 42,637.30, respectively, from Varex Imaging Deutschland AG.

## Supervisory Board remuneration

Pursuant to a shareholders resolution dated June 7, 2016 and the corresponding amendment to the bylaws the Supervisory Board members, whose mandates begin after January 1, 2016, do not receive any remuneration from the Company. As a precautionary measure, it is pointed out that, contrary to section G.17 of the GCGC, the chairmanship and deputy chairmanship of the Supervisory Board cannot be taken into account in the compensation.

As members of the Supervisory Board, the members received the following remuneration for 2016/2017:

a. Kimberley E. Honeysett

As Chairperson of the Supervisory Board of MMS AG since March 8, 2017, Ms. Honeysett received no remuneration. No reimbursement of expenses has been claimed.

b. Sunny Sanyal

As Vice-chairman of the Supervisory Board of MMS AG since September 24, 2020, Mr. Sanyal received no remuneration. No reimbursement of expenses has been claimed.

c. Matthew C. Lowell

As a member of the Supervisory Board of MMS AG since March 8, 2017, Mr. Lowell received no remuneration. No reimbursement of expenses has been claimed.

d. Clarence R. Verhoef

As Vice-chairman of the Supervisory Board of MMS AG since March 8, 2017 and until September 23, 2020, Mr. Verhoef received no remuneration. No reimbursement of expenses has been claimed.

Pecuniary damage liability insurance was concluded at the expense of the Company for the benefit of the members of the Executive Board and Supervisory Board.

## Fees paid for the services of the statutory auditor

Figures in € k	01.10.2019 - 30.09.2020	01.10.2018- 30.09.2019
Audit of financial statements (non period € 57 k, prev. year € 35 k)	218	203
Other assurance services	0	0
Tax advisory	0	0
Other services	0	0
<b>Total</b>	<b>218</b>	<b>203</b>

## German Corporate Governance Code

The Executive Board and Supervisory Board of MeVis Medical Solutions AG support the initiative of the Government Commission on the German Corporate Governance Code and issue joint declarations of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on an annual basis. Since issuing the last declaration of conformity on September 9, 2019, MeVis Medical Solutions AG has complied with the recommendations of the German Corporate Governance Code as amended on February 7, 2017 with the exceptions stated and justified in the declaration of September 9, 2019. For the period from September 9, 2020, the Executive Board and Supervisory Board declared in accordance with Section 161 of the German Stock Corporation Act (AktG) that MeVis Medical Solutions AG complies or will comply in principle with the recommendations of the German Corporate Governance Code in the version dated December 16, 2019 (GCGC) and which recommendations have not been or will not be applied. The current declaration of conformity is dated September 9, 2020 and is available to shareholders as a PDF on the company's website.

### Appropriation of profits / Pay compensation

The profit of € 5,704 k will be transferred to Varex Imaging Deutschland AG because of the domination and profit and loss transfer agreement.

Under the domination and profit and loss transfer agreement, VMS Deutschland Holdings GmbH has committed itself to pay the outside shareholders for the duration of the contract an annual compensation payment for each fiscal year starting 2015. Per fiscal year this amounts to € 1.13 / gross per share. The obligation was transferred to Varex Imaging Deutschland AG as part of the spin-off.

### Group affiliation

Through Varex Imaging Deutschland AG, Willich, MMS AG is part of the Varex Imaging Group headed by Varex Imaging Corporation, Salt Lake City, USA. The Varex Imaging Corporation prepares the consolidated financial statements for the largest and smallest group of companies in which MMS AG is included. The consolidated financial statements are filed with the U.S. Securities and Exchange Commission (SEC) and are available at the headquarters of the parent company.

As MMS AG only has subsidiaries which do not have to be included in consolidated financial statements pursuant to Section 296 HGB, it is exempt from the obligation to prepare consolidated financial statements pursuant to Section 290 (5) HGB.

### Events after the reporting date

No material events occurred after the reporting date.

Bremen, January 22, 2021



Marcus Kirchhoff  
CEO

## CHANGES IN FIXED ASSETS

(fixed assets schedule)

for the period October 1, 2019 through September 30, 2020

		Cost of acquisition			
FIGURES IN €		Oct. 1, 2019	Aditiojs	Disposals	Sep. 30, 2020
I.	<b>Intangible assets</b>				
	Purchased industrial property rights and similar rights and assets acquired for a consid- eration and licenses to such rights and assets	1,329,859.48	0.00	0.00	1,329,859.48
II.	<b>Property, plant and equip- ment</b>				
	Operating and office equipment	1,625,119.45	102,554.17	0.00	1,727,673.62
III.	<b>Financial assets</b>				
	Shares in affiliated companies	312,042.00	0.00	0.00	312,042.00
	Loans to affiliated companies	16,225,211.69	0.00	0.00	16,225,211.69
		16,537,253.69	0.00	0.00	16,537,253.69
		<b>19,492,232.62</b>	<b>102,554.17</b>	<b>0.00</b>	<b>19,594,786.79</b>

Accumulated depreciation and amortization				Carrying amounts	
Oct. 1, 2019	Additions	Disposals	Sep. 30, 2020	Sep. 30, 2020	Sep. 30, 2019
1,311,501.79	15,932.09	0.00	1,327,433.88	2,425.60	18,357.69
1,381,740.73	151,575.06	0.00	1,533,315.79	194,357.83	243,378.72
0.00	0.00	0.00	0.00	312,042.00	312,042.00
0.00	0.00	0.00	0.00	16,225,211.69	16,225,211.69
0.00	0.00	0.00	0.00	16,537,253.69	16,537,253.69
<b>2,693,242.52</b>	<b>167,507.15</b>	<b>0.00</b>	<b>2,860,749.67</b>	<b>16,734,037.12</b>	<b>16,798,990.10</b>

## INDEPENDENT AUDITOR'S REPORT

To MeVis Medical Solutions AG, Bremen

### ***REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT***

#### *Audit opinions*

We have audited the annual financial statements of MeVis Medical Solutions AG, Bremen, comprising the balance sheet as of September 30, 2020, and the income statement, cash flow statement and statement of changes in equity for the fiscal year from October 1, 2019 to September 30, 2020, and the notes to the financial statements, including a description of the accounting policies. We have also audited the management report of MeVis Medical Solutions AG for the fiscal year from October 1, 2019 to September 30, 2020. We have not audited the content of the corporate governance declaration pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] in accordance with German legal requirements.

In our opinion, on the basis obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, the German commercial law in compliance with the principles of proper accounting and give a true and fair view of the net assets and financial position of the Company as at 30. September 2019 and of its results of operations for the fiscal year from 1. Oktober 2018 to 30. September 2019, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the separate financial statements and of the management report.

#### *Basis for Audit Opinions*

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional

responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

### *Key Audit Matters in the Audit of the Separate Financial Statements*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements for the financial year from 1 October 2019 to 30 September 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our our view, the following matter was most significant in our audit:

#### **① Revenue recognition**

Our presentation of this particularly important audit matter has been structured as follows:

- ① Matter and Issue
- ② Audit approach and findings
- ③ Reference to further information

Hereinafter, we present the key audit matter:

#### **① Revenue recognition**

- ① The revenues of € 17,131 k reported in the Company's annual financial statements mainly relate to revenues from the sale of licenses, revenues from maintenance and other revenues. Revenues of € 9,674 k are attributable to Hologic as a major customer, of which € 5,408 k is attributable to revenues from maintenance contracts, € 4,071 k to revenues from the sale of licenses, and € 195 k to other revenues.

Maintenance contracts are usually concluded as part of the sale of new licenses, but also subsequently as an extension of the original maintenance period. The term of the contracts is generally 12 months, so that the Company recognizes the monthly amounts received in advance for the term of the contracts in equity, which in turn are released to income over the term of the contracts. For contracts concluded as part of the extension of the original maintenance period, the Company receives monthly progress payments from Hologic.

License revenue primarily results from the sale of new licenses. However, the Company also recognizes revenue from license upgrades for licenses that have already been sold. For these upgrades, the Company also receives monthly installment payments from Hologic.

Based on a forecast prepared by Hologic and agreed with the Company regarding the expected number of new maintenance contract renewals and license upgrades, Hologic pays monthly progress payments over a period of 12 months. The final invoice is issued annually for the period from May 1 to April 30 of the following year.

As a result, no final invoices are available for the revenues totaling € 675 k attributable to the months of May to September 2020. These sales revenues are based to a large extent on the estimates and assumptions of the legal representatives and are therefore subject to considerable uncertainty. Against this background, this matter was of particular importance in the context of our audit.

- ② In making those estimates and assumptions, we evaluated the Company's processes and controls for recognizing revenue as of the balance sheet date to assess the reasonableness of accounting estimates and assumptions made. In order to assess the appropriateness of the revenue recognized as of the balance sheet date, we also assessed the consistency and reliability of the estimates and assumptions made. Based on interviews with the legal representatives, we did not find any indications that the estimates and assumptions were inappropriate for the correct presentation of the actual revenue development. In addition, we critically evaluated the final accounts for the past three billing periods, each covering the period from May 1 to April 30 of the following year, and satisfied ourselves of the reliability of the forecasts underlying the budget billing payments. The deviations between actual revenues and budget billing payments identified in the final accounts were within reasonable limits. Overall, the audit procedures described and other procedures performed enabled us to verify that the revenues were accurately reflected.
- ③ The Company's revenue recognition disclosures are included in the "Notes to the Income Statement" section of the Notes.

### *Other Information*

The legal representatives are responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f HGB.

The other information also comprises the other parts of the annual report - without further cross-references to external information - with the exception of the audited annual financial statements, the audited management report and our auditor's report.

Our audit opinions on the financial statements and management report do not cover the other information and, accordingly, we do not express an audit opinion or any other form of conclusion thereon.

In connection with our audit, we have a responsibility to read the other information and, in doing so, evaluate whether the other information is

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

*Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report*

The executive directors are responsible for the preparation of the separate financial statements that comply, in all material respects, with German commercial law, and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, except where this is precluded by matters of fact or law.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

*Auditor's responsibility for the audit of the financial statements and the management report*

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the separate financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with

German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- Evaluate the consistency of the management report with the separate financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be thought to bear on our independence, and the safeguards that we have put in place.

From the matters discussed with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe those matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

### ***OTHER LEGAL AND REGULATORY REQUIREMENTS***

#### ***Further Information pursuant to Article 10 of the EU Audit Regulation***

We were elected as auditor by the annual general meeting on 24 June 2020. We were engaged by the supervisory board on 2 September 2020. We have been the auditor of the MeVis Medical Solutions AG, Bremen without interruption since the financial year 2016/2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### ***RESPONSIBLE AUDITOR***

The auditor responsible for the audit is Thomas Dräger.

Bremen, January 25, 2021

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Thomas Dräger  
Wirtschaftsprüfer  
(German Public Auditor)

ppa. Konstantin Kessler  
Wirtschaftsprüfer  
(German Public Auditor)

## RESPONSIBILITY STATEMENT („BILANZEID“)

"To the best of my knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the Company."

Bremen, January 22, 2021

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 (German Federal Gazette) 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 download at:

[http://www.mevis.de/ir\\_finanzberichte.html](http://www.mevis.de/ir_finanzberichte.html)

## FINANCE CALENDAR 2020/2021

<b>Date</b>	<b>Event</b>
January 28, 2021	Annual Report 2019/2020
March 24, 2021	Virtual Annual General Meeting, Bremen
May 27, 2021	Interim Report for H1 2020/2021

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