

# Annual Report

MeVis Medical Solutions AG

2020/2021



**MeVis**

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## FOREWORD BY THE EXECUTIVE BOARD

*Dear shareholders, customers and  
business partners, and employees,*

the fiscal year 2020/2021 was a successful year for MeVis from our point of view, despite the global impact of the corona pandemic. Sales decreased as expected compared to the previous year, with only a slight shift in the composition of sales. For example, the licensing and maintenance business declined compared to the previous year, while development services developed positively, as expected. With costs slightly higher, earnings after taxes declined, but still developed satisfactorily.

To the financial ratios in detail:

**Sales** in the past 2020/2021 financial year amounted to € 16.2 million (compared with € 17.1 million in the 2019/2020 financial year). Of this figure, 30% (previous year: 31%) was generated from license revenues of € 4.8 million (previous year: € 5.3 million), 34% (previous year: 36%) from maintenance contracts (software service contracts) of € 5.5 million (previous year: € 6.2 million), and 36% (previous year: 33%) from other revenues of € 5.8 million (previous year: € 5.6 million).

The year-on-year decline in revenues was mainly due to the expected decrease in license and maintenance revenues from the customer Hologic. In contrast, revenues from development services increased as more services were provided to the Varex Imaging Group.

The **results continue to be** satisfactory. **EBIT** (earnings before interest and taxes) of € 4.6 million was generated in 2020/2021, compared with € 5.8 million in 2019/2020. At 28%, the EBIT margin deteriorated accordingly from the prior-year figure of 34%.

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

This results in **earnings after taxes** of € 4.5 million (28% margin) for the 2020/2021 financial year, compared with € 5.7 million (33% margin) in 2019/2020. The profit of € 4,546 k will be transferred to Varex Imaging Deutschland AG on the basis of the control and profit transfer agreement.

This year, the percentage distribution of sales among the three areas of licenses, maintenance, and development services was again similar to that of the previous fiscal year, but with lower sales overall. In digital mammography, we had the largest decline in sales. Sales to our customer Hologic decreased by more than € 1.3 million, fortunately the decrease was less than expected. Digital mammography accounted for the largest share of MeVis' total sales in fiscal 2020/2021 at 51.4%.

Development Services performed better than we had expected in the past fiscal year. Due to the acquisition of Varian Medical Systems by Siemens Healthineers, future cooperation was not readily predictable. Fortunately, the cooperation continued to develop positively. Revenues from development services with Varex Imaging Corporation increased slightly. Here, we are working jointly on human medical, veterinary and industrial software applications relating to both image acquisition and image post-processing.

Business with our lung cancer screening solutions developed slightly positively in 2020/2021 compared to fiscal 2019/2020. Unfortunately, we are nevertheless still behind our own expectations because commercial demand for lung cancer diagnostic solutions is growing more slowly than expected. Nevertheless, we sense an ever-increasing demand and also greater competition in this environment, especially from European and Asian countries.

In the market of our core business with medical software solutions, there continues to be a sustained trend to integrate 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 the area of cloud-based systems, software as a service (SaaS), imaging modules, services and artificial intelligence technology.

As we expected, the topic of artificial intelligence is taking up more and more space in medical and industrial software applications. We are significantly engaged in this area in order to keep our applications competitive and to further expand our market position.

For the financial year 2021/2022, sales of € 16.0 million to € 16.5 million are now expected to remain stable compared to the previous year. In addition to the slight decline in sales with the customer Hologic, slightly increasing sales are expected in the area of development services. For earnings before interest and taxes (EBIT), we also expect stability in the range of € 4.0 million to € 4.5 million. The forecast sales stability, with an expected break-even result from exchange rate differences, is the main driver for the unchanged outlook for EBIT. Possible impact of the current Corona pandemic has played a role in the budget preparation. 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 in the last 12 months as a result of the Corona pandemic and in this respect have not made any specific Corona markdowns on our budget.

This year, against the backdrop of the Corona pandemic, we will again hold our planned Annual General Meeting on March 23, 2022 as a virtual meeting, without the physical presence of shareholders and their proxies. We very much hope that we will be able to welcome our shareholders again at a presence event next year.

I would like to express my sincere thanks to all employees of the company for their renewed extraordinary commitment throughout fiscal 2020/2021 and their continued efforts to master the current challenges. I would also like to thank our business partners, customers and shareholders for their trust.



Marcus Kirchhoff  
Executive Board



# REPORT OF THE SUPERVISORY BOARD FOR FISCAL 2020/2021

## *Dear Shareholders,*

The Supervisory Board of MeVis Medical Solutions AG continued its trusting and goal-oriented cooperation with the Executive Board in fiscal year 2020/2021. In accordance with the duties incumbent upon it under the law, the Articles of Association and the rules of procedure, it advised and monitored the Executive Board. The Executive Board regularly informed the Supervisory Board in writing and verbally about the business situation and development, the current earnings situation, potential risks, planning, 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 resolution proposals of the Executive Board, which were examined in detail. The Chairwoman of the Supervisory Board was also in close contact with the Executive Board between Supervisory Board meetings in fiscal 2020/2021 and provided advice on strategy, planning and business performance. She also kept herself informed about major business transactions. Outside meetings she also informed the other Supervisory Board members and discussed current developments with them.

## **CHANGES TO THE SUPERVISORY BOARD AND EXECUTIVE BOARD**

The term of office of the Supervisory Board members Ms. Kimberley Honeysett and Mr. Matthew Lowell elected by the Annual General Meeting ended at the close of the Annual General Meeting on March 24, 2021. The Supervisory Board member Mr. Clarence Verhoef elected by the Annual General Meeting had resigned from office with effect from the close of September 23, 2020. By resolution of the Bremen Local Court dated September 28, 2020, Mr. Sunny Sanyal was appointed as a member of the Supervisory Board to succeed Mr. Verhoef. His term of office also ended at the close of the Annual General Meeting on March 24, 2021. Ms. Kimberley Honeysett, Mr. Shubham Maheshwari and Mr. Sunny Sanyal were elected to the Supervisory Board with effect from the close of the Annual General Meeting on March 24, 2021. At the constituent Supervisory Board meeting following the Annual General Meeting, Ms. Honeysett was elected Chairwoman of the Supervisory Board and Mr. Maheshwari was elected Deputy Chairwoman of the Supervisory Board. No committees were formed.

There were no changes to the Executive Board in the reporting year: 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 five regular meetings in fiscal 2020/2021 - each attended by the Executive Board - all of which were held as video conferences due to COVID 19 travel restrictions and/or to protect the participants. In addition to the results of operations, financial position and net assets of the Company, the main focus in the reporting year was on general market developments and the opportunities and risks arising for the Company as a result. Another focus was on the expansion of existing or the establishment of new customer relationships and the expansion of the product portfolio, cooperation in the product area with solutions from Varex and also expansion in the area of artificial intelligence. In the past fiscal year, the ongoing Corona pandemic and its impact on the Company's economic development again posed a particular challenge.

At the meeting on October 15, 2020, the Supervisory Board once again discussed the business plan for fiscal 2020/2021, which had already been discussed in detail at the September meeting. The adjustments made were discussed and approved.

The meeting on January 20, 2021 focused on the adoption and approval of the annual financial statements, the report of the Supervisory Board for the fiscal year 2019/2020 and the results of the audit conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen. For this purpose, the Executive Board presented the annual financial statements and management report of MeVis Medical Solutions AG for the fiscal year 2019/2020 prepared in accordance with the provisions of the German Commercial Code (HGB). In addition

to the Executive Board, the responsible auditor of the annual financial statements attended the meeting and reported to the Supervisory Board in detail on the key findings of the audit. Following the meeting, the annual financial statements were approved by the Supervisory Board by circular resolution and thus adopted. The agenda for the virtual Annual General Meeting of MeVis Medical Solutions AG scheduled for March 24, 2021, including the required resolution proposals to the Annual General Meeting, was also approved. Furthermore, the Supervisory Board discussed and resolved a new system for the remuneration of the Executive Board members at the meeting, which is to be submitted to the Annual General Meeting for approval.

The meeting on March 24, 2021 was held after the virtual Annual General Meeting. At this meeting, the Executive Board reported on the Company's Annual General Meeting, which the Supervisory Board had not attended, as the Annual General Meeting had taken place as a virtual event. At this constituent Supervisory Board meeting following the Annual General Meeting, including the election of the Supervisory Board, Ms. Honeysett was elected Chairwoman of the Supervisory Board and Mr. Maheshwari was elected Deputy Chairwoman of the Supervisory Board. The Executive Board also reported in detail on the current business situation of the Company, including the net assets, financial position and results of operations, and the risk report.

At the meeting on July 14, 2021, the Supervisory Board dealt with the Executive Board's report on the Company's business situation, including the net assets, financial position and results of operations for the first nine months. Furthermore, with regard to the current figures, the existing business relationships and future prospects with customers, partners and in particular the current situation of the joint venture with Siemens were examined in detail.

In addition to the Executive Board's report on current business developments, the meeting on September 22, 2021 focused on the situation of the Company and the discussion and approval of the business plan for fiscal year 2021/2022. The meeting dates for fiscal year 2021/2022 were also agreed and the financial calendar 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 Section 161 of the German Stock Corporation Act (AktG). A detailed presentation of corporate governance at MeVis, including information on Section 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, 2021, can be found in the corporate governance statement in these annual financial statements or published on the company's website. The Supervisory Board has examined these disclosures and explanations, which it considers to be complete, and adopts them as its own.

Conflicts of interest of Executive Board and Supervisory Board members, which had to be disclosed to the Supervisory Board and about which the Annual General Meeting has to be informed, again did not occur in fiscal 2020/2021.

The members of the Supervisory Board undertake the training and continuing education measures required for their duties 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 innovations in legislation and case law as well as changes in accounting and auditing. They receive appropriate support in this regard from MeVis Medical Solutions AG.

## **ANNUAL FINANCIAL STATEMENTS**

The annual financial statements and management report of MeVis Medical Solutions AG for the fiscal year 2020/2021, prepared in accordance with the accounting provisions of the German Commercial Code, were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, the auditors elected by the Annual General Meeting and appointed by the Supervisory Board, and issued with an unqualified audit opinion. The annual financial statements and management report for fiscal 2020/2021 were submitted to the Supervisory Board by the Executive Board together with the corresponding audit report in good time and examined by the Supervisory Board. The annual financial statements and management report for fiscal 2020/2021

were discussed in detail between the Supervisory Board and Executive Board at the Supervisory Board's financial statements meeting on January 19, 2022. The Supervisory Board had the opportunity to consult with the auditors, who attended the meeting. The Supervisory Board had no objections to the annual financial statements prepared by the Executive Board in accordance with the German Commercial Code (HGB) as of September 30, 2021, and approved them by circular resolution following the meeting on January 25, 2022. The annual financial statements in accordance with HGB are thus adopted.

## **THANKS TO**

The Supervisory Board would like to thank the Executive Board and all employees for their personal commitment and performance in fiscal year 2020/2021 and the shareholders for the trust they have placed in MeVis Medical Solutions AG.

Bremen, January 25, 2022

For the Supervisory Board

Kimberley E. Honeysett (  
Chairwoman

# CORPORATE GOVERNANCE STATEMENT

## (CORPORATE GOVERNANCE REPORT)

Corporate governance stands for responsible, transparent corporate management and control geared to long-term value creation. The Executive Board and Supervisory Board report annually on the company's corporate governance. We have combined the declaration on corporate governance pursuant to § 289f HGB as of September 30, 2021 with the Corporate Governance Report. It forms an integral part of the management report and includes the Declaration of Conformity with the German Corporate Governance Code (GCGC), relevant disclosures on corporate governance practices and a description of the working methods of the Executive Board and Supervisory Board and their composition, the targets set in accordance with section 76 (4) and section 111 (5) of the German Stock Corporation Act (AktG), and information on the achievement of the targets. The principles of corporate governance and the corporate governance statement are also made available on the company website at [www.mevis.de/investor-relations/corporate-governance/](http://www.mevis.de/investor-relations/corporate-governance/).

### DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

Since issuing the last declaration of conformity on September 9, 2020, MeVis Medical Solutions AG has complied with the recommendations of the German Corporate Governance Code (GCGC) in the version dated December 16, 2019, with the exceptions stated and justified in the declaration of September 9, 2020.

For the period from September 9, 2021, 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 generally complies with the recommendations of the German Corporate Governance Code as amended on December 16, 2019 and will continue to do so in the future with the following exceptions:

#### **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. All seats on the Supervisory Board are occupied by persons employed by group companies of Varex Imaging Corporation. Varex Imaging Corporation holds the majority of shares in the Company via Varex Imaging Deutschland AG. In addition, a control and profit 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 controlling 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 refrains from forming professionally qualified committees. 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 enables efficient work. Accordingly, in deviation from D.2 sentence 2, the committee members are not named in the corporate governance statement. In addition, in deviation from D.4, there is no chairman of the audit committee, so that recommendation C.10 sentence 1 cannot apply either. In deviation from D.11, the quality of the audit 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 regarding the publication deadlines for the annual financial report and the half-year 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 remuneration, which are deviated from, as the Company does not grant variable remuneration to the Executive Board. The remuneration of the Executive Board takes into account the integration of the Company into the Varex Group and the dual mandate of the current sole member of the Executive Board of the Company at Varex Imaging Deutschland AG. As a member of the



Executive Board of Varex Imaging Deutschland AG, Mr. Kirchhoff receives (exclusively) a performance-related variable remuneration from the latter, which is based on the success of the Varex Group. As MeVis Medical Solutions AG is part of the Varex Group, this performance-related remuneration also promotes the business strategy and the sustainable and long-term development of the Company. However, in order to ensure an optimal incentive structure for the promotion of the business strategy as well as for the sustainable and long-term development of the Company, the Supervisory Board considers it necessary to create a balanced remuneration structure with a sufficient share of fixed remuneration components within the scope of an overall consideration of the intra-Group remuneration of the sole member of the Company's Executive Board. Against this background, the Supervisory Board of the Company has refrained from providing for any further performance-related compensation to be granted by the Company. Accordingly, the remuneration for the members of the Executive Board of MeVis Medical Solutions AG is limited to non-performance-related compensation.

In deviation from G.3, the Supervisory Board refrains from using a suitable peer group of other companies for the purpose of assessing the customary nature of the specific total compensation of the members of the Executive Board in comparison to other companies, as it is difficult to define a suitable peer group due to the Company's integration into the Varex Group.

In deviation from C.13 Sentence 1, a severance payment cap is not 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 an Executive Board contract concluded for the duration of the appointment period and in principle not subject to ordinary termination.

#### **G.17 Compensation 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 do not receive any compensation from the Company for financial years beginning after January 1, 2016. As a precautionary measure, it is pointed out that, contrary to Section G.17 GCGC, the chairmanship and deputy chairmanship of the Supervisory Board cannot be taken into account in the compensation.

### **ORGANS OF THE COMPANY**

The Executive Board, the Supervisory Board and the Annual General Meeting of the Company constitute the Company's executive bodies in accordance with the law and the Articles of Association. As a stock corporation, MeVis Medical Solutions AG has a dual management system characterized by a separation of personnel between the Executive Board as the management body and the Supervisory Board as the supervisory body.

### **THE EXECUTIVE BOARD AND ITS WORKING METHODS**

The Executive Board manages the company on its own responsibility with the aim of creating sustainable value. In doing so, it manages the company in accordance with the statutory provisions, the Articles of Association and the Rules of Procedure for the Executive Board, and works together with the other corporate bodies in a spirit of trust. The Executive Board defines the corporate goals and strategies and determines the corporate policy derived from them.

Currently, the Executive Board of MeVis Medical Solutions AG consists of one person, Mr. Marcus Kirchhoff. His contract has been extended until March 2026. An expansion of the Executive Board is currently neither planned nor envisaged. For this reason, the Supervisory Board has set the target for the proportion of women on the Executive Board at 0% by December 31, 2025. Already when considering potential candidates for all future appointments to the Executive Board, the Supervisory Board will of course also take qualified women into account.

Only those who have not yet reached the age of 65 shall be members of the Executive Board. The age of the Executive Board members shall 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 always recorded in minutes. Internal consultations between the Executive Board and middle management take place at least once a month. The Supervisory Board has issued rules of procedure for the Executive Board which summarize all procedural rules and transactions requiring approval in a catalog.

Long-term succession planning takes the form of regular discussions between the Executive Board and the Supervisory Board and discussion of the topic by the Supervisory Board. Contract terms and renewal options for current Executive Board members are discussed, as well as possible successors, should this be necessary.

## THE SUPERVISORY BOARD AND ITS WORKING METHODS

In accordance with the Articles of Association, the Supervisory Board consists of three members elected by the shareholders and meets at least twice every six months. The Executive Board generally attends the meetings of the Supervisory Board and reports in writing and orally on the individual agenda items and answers questions from the members of the Supervisory Board. The Executive Board and Supervisory Board work closely together in the interests of the company. The members of the Supervisory Board also exchange views on certain issues outside the official Supervisory Board meetings or adopt resolutions by circular resolution. The Supervisory Board has established its own rules of procedure and regularly reviews the efficiency of its activities as part of a self-assessment process. A company-specific questionnaire is used as a basis for discussion, covering the key aspects for self-assessment, such as the process and organization of meetings, the scope of submissions and information flows. The results of the questionnaire and suggestions for improvement are discussed openly.

The members of the Supervisory Board undertake the training and continuing education measures required for their duties 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 innovations in legislation and case law as well as changes in accounting and auditing. They receive appropriate support in this regard from MeVis Medical Solutions AG.

In the report of the Supervisory Board, the latter summarizes its activities of the past fiscal year on an annual basis.

## COMPETENCE PROFILE OF THE SUPERVISORY BOARD AND CONCRETE OBJECTIVES FOR ITS COMPOSITION

The Supervisory Board of MeVis Medical Solutions AG has drawn up a competence profile for the entire body and specifies concrete 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 possess the knowledge, skills or professional experience required to properly perform their duties. It should be noted that not every single member of the Supervisory Board has to possess all the required competencies, but that the individual knowledge and skills of the individual members may complement each other. The Supervisory Board of MeVis Medical Solutions AG shall be composed of personalities so that it provides a range of competencies in its entirety to ensure comprehensive and effective advice to and supervision of the Executive Board with regard to the business activities of MeVis Medical Solutions AG. In this context, each member of the Supervisory Board shall be able to devote the time required for the proper fulfillment of the Supervisory Board mandate.

In the opinion of the Supervisory Board, the main areas of competence are:

### Corporate Governance/Management

The Supervisory Board of MeVis Medical Solutions AG shall include an appropriate number of members who have experience in the management and/or supervision of a medium-sized or large company. This includes, among other things, knowledge of the fundamentals from accounting, risk management, internal control mechanisms, compliance and regulatory, legal topics.

### Industry experience

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

**Internationality**

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

**Financial literacy**

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

**Corporate Governance/Legal/Compliance**

Compliance with laws, 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 shall include an appropriate number of members who have in-depth knowledge of corporate governance, compliance and compliance management systems and an understanding of relevant legal issues.

**Capital Market**

The Supervisory Board of MeVis Medical Solutions AG, as a listed company, should include an appropriate number of members with knowledge of the capital market and in capital market communications. The Supervisory Board should thus also be able to respond to the capital market's increased need for communication.

**OBJECTIVES FOR THE COMPOSITION OF THE SUPERVISORY BOARD**

The Supervisory Board has set the following targets:

- Supervisory Board members shall not hold office beyond 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 a total of five supervisory board mandates in listed companies which do not belong to the group of the company.
- 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 listed companies which do not belong to the group of the Company.
- 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 on 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, who complement each other very well as a whole. The Supervisory Board currently consists of three members, including one woman. No personnel changes are currently planned or envisaged. The current composition is therefore in line with the competence profile adopted 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 via Varex Imaging Deutschland AG. A control and profit transfer agreement exists between the Company, as the controlled company, and Varex Imaging Deutschland AG, as the controlling company. Accordingly, the Supervisory Board no longer has any independent members. 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

The corporate governance of MeVis Medical Solutions AG, as a listed stock corporation, is primarily determined by the German Stock Corporation Act (AktG) and by the provisions of the German Corporate Governance Code as amended.

Furthermore, for the Company, as a manufacturer of software products in the medical field, the following are applicable, among others the legal requirements of the German Medical Devices Act (MPG), Regulation (EU) 2017/745 of the European Parliament and of the Council concerning medical devices, the Canadian Medical Devices Regulation (SOR/98-282), the Australian Therapeutic Goods Act (TGA), the Korean Good Manufacturing Practice (KGMP) and the U.S. Code of Federal Regulations (21 CFR Part 820 - Quality System Regulation), as well as the requirements of the DIN EN ISO 13485 standard (Medical devices - Quality management systems - Requirements for regulatory purposes). Quality and quality management are essential components of corporate management. The QM system is designed to ensure our quality objectives as well as the quality requirements and expectations of our customers in terms of safety and performance, handling, availability, cost-effectiveness and adherence to delivery dates.

The Company's quality management system has been certified by the certification and auditing company MEDCERT, an EU notified body for medical devices (identification number 0482), in accordance with EN ISO 13485:2016 for the areas of development, production, final inspection and distribution of software for reporting medical image data and intervention support as well as for services for the evaluation of medical image data. In addition, the Company's quality management system is certified according to EN ISO 13485:2016 MDSAP Audit Model Edition 2 (for Australia, Canada, USA). Certification according to Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices ("MDR") by the certification and audit company MEDCERT is expected by the end of 2021.

The corporate governance of MeVis Medical Solutions AG is also characterized by a flat hierarchy with only one management level below the Executive Board, short decision-making channels and team-oriented cooperation.

When filling management positions, the Executive Board of MeVis Medical Solutions AG considers the qualifications of applicants to be the key criterion. Nevertheless, MeVis Medical Solutions AG pays attention to diversity and in particular to the appropriate consideration of women when filling management teams. MeVis Medical Solutions AG welcomes efforts to increase the proportion of women in management positions and will continue to promote female employees in line with their qualifications and skills at all levels and areas of responsibility. Women currently account for 35% of the total workforce at MeVis Medical Solutions AG. In this context, 33% of the management positions at the management level below the Executive Board are held by women. Accordingly, we had achieved our original goal of filling at least 30% of management positions with women by the end of 2020. In the future, or by the end of 2025, we aim to have 50% of management positions to be held by women.

## REMUNERATION OF THE BOARDS

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

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

Further explanations and comments on the compensation of the Executive Board and the Supervisory Board are provided in the compensation report in the Notes and in the management report.

## TRANSPARENCY

In order to ensure the greatest possible transparency, MeVis Medical Solutions AG regularly and promptly informs the capital market, shareholders and interested members of the public about the Company's economic situation and new facts & events of significance.

The annual financial report and the half-year financial report are published in accordance with the time requirements for issuers admitted to the General Standard segment of the regulated market within a period of four months for the annual financial statements and within a period of three months for the half-year report.

Insider information relating to the Company is published without delay in accordance with Art. 17 (1) of the Market Abuse Regulation (EU) No. 596/2014 (MAR). Shareholders and potential investors can obtain timely information on 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 2021, MeVis Medical Solutions AG has participated in at least one analyst conference per year. The material and partly recurring events are published in the financial calendar on the Company's website.

## COMPLIANCE

Compliance describes the observance of legal, internal and contractual regulations in companies. The entirety of the principles and measures for compliance with certain rules and thus for the avoidance of breaches of rules is referred to as a compliance management system.

Compliance with laws, internal guidelines and fair dealings with colleagues, business partners and competitors is an indispensable basis for successful business at MeVis Medical Solutions AG. It currently has a compliance management system in place that is appropriate to the size of the company and its risk situation. Responsibility for this lies with the compliance officer, who reports directly to the Executive Board.

The internally introduced compliance guideline is binding for all employees, provides them with orientation for responsible behavior in everyday business and is intended to protect against incorrect decisions. The policy is published on the company's intranet, employees and managers are continuously informed about and sensitized to compliance, and can also seek advice from the compliance officer at any time.

In addition, MeVis Medical Solutions AG was also 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 at the Annual General Meeting. Every shareholder who registers in good time is entitled to attend the Annual General Meeting or has the option of having his or her voting rights exercised by a bank, a shareholders' association, the proxies appointed by MeVis Medical Solutions AG and bound by instructions, or another authorized representative.

The invitation to the Annual General Meeting and the reports and information required for the adoption of resolutions are published in accordance with the provisions of stock corporation law and made available on the company website.

## RISK MANAGEMENT

Dealing responsibly with risks is an important basis of good corporate governance at MeVis Medical Solutions AG. The Executive Board has installed an appropriate risk management and risk controlling system within the Company in order to be able to identify, assess, monitor and control the risks arising from its business activities at an early stage. The Executive Board regularly reports to the Supervisory Board on the current development of the main risks. The risk management system is continuously reviewed in the light of current developments and adjusted if necessary. Further explanations and comments on risk management can be found in the risk report in the annual financial report.



## ACCOUNTING AND AUDITING

MeVis Medical Solutions AG prepares its statutory annual financial statements and management report and 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 audited by the Supervisory Board. The Supervisory Board has commissioned the auditors appointed by the Annual General Meeting for fiscal 2020/2021, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, to audit the financial statements for fiscal 2020/2021. This will ensure that no conflicts of interest affect the work of the auditors.

The audit of the annual financial statements for fiscal 2019/2020 was also conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut für Wirtschaftsprüfer (IDW).

## DIRECTORS' DEALINGS

Pursuant to 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 associated with them are obliged to disclose transactions for their own account (directors' dealings) involving financial market-traded shares and debt instruments of MeVis Medical Solutions AG or related financial instruments (e.g. derivatives) if the value of the transactions reaches or exceeds € 5,000 in a calendar year. The Company publishes notifications in this regard on its website without delay. In the reporting period, the Company did not receive any notifications of directors' dealings. As of the balance sheet date, neither the member of the Executive Board nor the members of the Supervisory Board hold shares in MeVis Medical Solutions AG.

## THE MEVIS SHARE

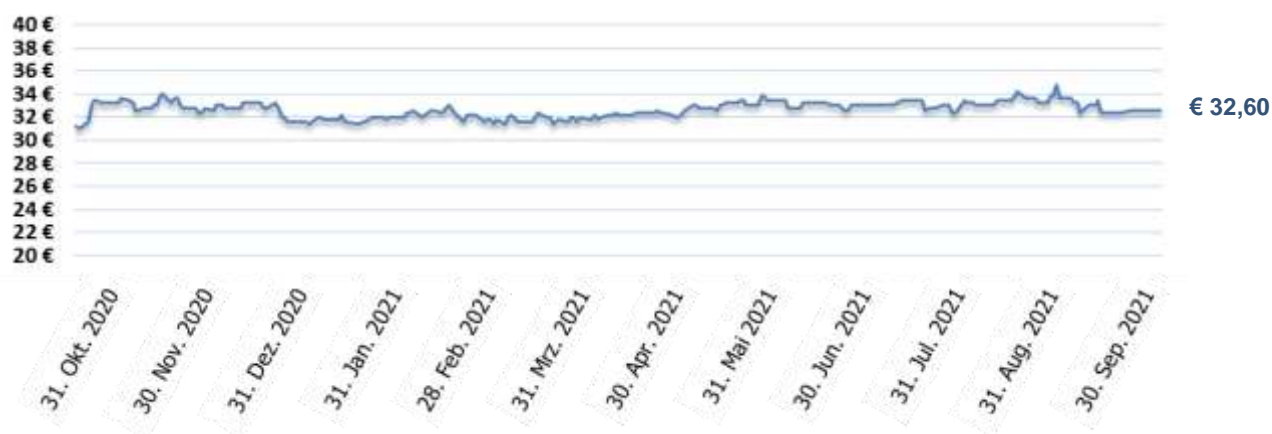
AS OF 09/30/2021	
ISIN / WKN / Ticker Symbol	DE000A0LBFE4 / A0LBFE / M3V
Industry assignment	Software / Medical technology
gez. Share capital	€ 1,820,000.00
Number of shares	1,820,000
Last price fixing on 30.09.2021	€ 32.60
Last price fixing on 30.09.2020	€ 31.80
High/low price in 2020/2021	€ 34.80 / € 31.00
Market capitalization	€ 59,332 million
General Standard (Regulated Market)	Frankfurt and Xetra
Over-the-counter	Berlin, Düsseldorf, Munich, Stuttgart
Indexes	CDAX, General All-Share, DAXsector All Software

### STOCK MARKET YEAR 2020/2021

The stock market year 2020 was subject to many fluctuations. Due to the global spread of the coronavirus "Covid-19" and the economic impact of the measures taken to contain the virus, such as travel warnings, halted production, cancelled events and massively restricted trade and services, the stock markets plummeted massively in February/March 2020. With the withdrawal of the measures in April/May, prices then recovered. The economy picked up and, in addition, there were government aid measures worldwide, which added up to several trillion euros and supported the markets. By the end of the year, the stock market had recovered. Technology stocks were the winners, as were online retailers and delivery services or shares of small retailers of home office equipment. This was because consumer habits changed due to the pandemic and were reflected in demand and share prices. Manufacturers of medical technology were also in high demand. The stock market year 2021 was also determined by the Corona pandemic but also by a strong economic upswing in many countries, flanked by supply chain disruptions, rising inflation and, as a consequence, possible adjustments in central bank policy on both sides of the Atlantic. All in all, however, it was a good year for the stock markets.

In fiscal year 2020/2021, the German stock market, as measured by the DAX benchmark index, rose by around 20% to close at 15261 points at the end of September 2021, compared with 12760 points at the end of September 2020. The SDax rose by 35% and the TecDAX by 22% during the fiscal year.

### PERFORMANCE OF THE MEVIS SHARE



In XETRA electronic stock market trading, the high for the share during the course of fiscal 2020/2021, from Oct. 1, 2020 to Sept. 30, 2021, was € 34.80 and the low was € 31.00. MeVis Medical Solutions AG ended the

fiscal year with a closing price of € 32.60 (XETRA) compared to € 31.80 at the end of September 2020. Thus, the value of the MeVis share at the end of fiscal 2020/2021 increased slightly by 3% compared to the closing price at the end of fiscal 2019/2020. Taking into account 1,820,000 shares outstanding, the market capitalization amounted to approximately € 59.3 million. The number of registered securities accounts with 579 securities accounts as of September 30, 2021 has slightly decreased compared to the end of September 2020 (597 securities accounts).

With a view to the Corona pandemic and the well-being and health of shareholders and all stakeholders, the Annual General Meeting in fiscal year 2020/2021 was held as a virtual meeting in March 2021. Similarly, the Annual General Meeting planned for fiscal year 2021/2022 will be held again as a virtual meeting in March 2022 against this background.

## 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 we received, further institutional shareholders were HANSAINVEST Hanseatische Investment-GmbH with approx. 5.51% and Hauck & Aufhäuser 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 were currently in free float. After the balance sheet date, HANSAINVEST Hanseatische Investment-GmbH informed us in November that its shareholding in MeVis Medical Solutions AG had exceeded the threshold of 10% and now amounted to 12.57%.

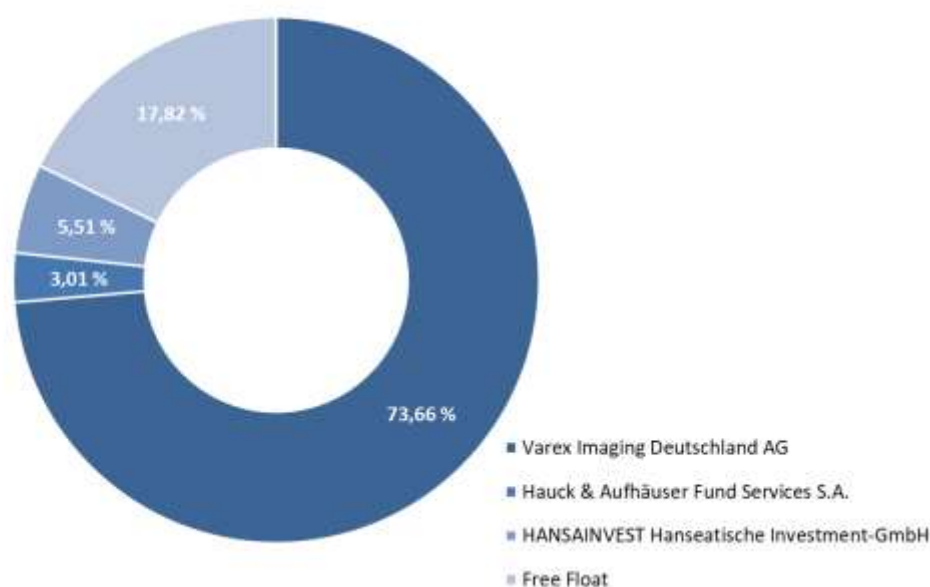


Fig.: Shareholder structure as of September 30, 2021  
(The information corresponds to the shareholder notifications received by us).

The control 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 THE FISCAL YEAR 2020/2021

## PRELIMINARY NOTE

This report covers the reporting period October 1, 2020 through September 30, 2021. Prior year amounts shown below are for fiscal year 2019/2020 from October 1, 2019 through September 30, 2020.

## FUNDAMENTALS OF SOCIETY

### ORGANIZATION

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 control and profit and loss transfer agreement exists between Varex Imaging Deutschland AG, as the controlling company, and MeVis Medical Solutions AG, as the controlled company. Thus, MMS AG belongs via Varex Imaging Deutschland AG to the Varex Group under the management of Varex Imaging Corporation, Salt Lake City, Utah, USA.

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

### BUSINESS ACTIVITY

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 part, to clinical end users.

The clinical focus is on image-based early detection and diagnosis of epidemiologically significant diseases, such as breast, lung, liver and neurological diseases. The software solutions support many of the imaging methods used. These include not only X-ray-based procedures such as computed tomography, digital mammography or digital tomosynthesis, but also magnetic resonance imaging (MRI), digital sonography and the simultaneous use of several procedures (multimodality). MeVis supplies world market leaders in the medical sector with technologies and software applications which meet their demands for technological leadership and help them to expand their position.

In addition to the sale of software licenses and associated maintenance contracts, MeVis offers software programming services for medical technology companies (development services). These include the provision of software development teams, i.e. software developers, product and project managers, application specialists as well as 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 of MeVis the focus was on image-based early detection and the diagnosis of breast cancer, today MeVis uses its clinical expertise, its know-how in the field of breast cancer, its innovative technologies and its network of partners to successively develop its software solutions for use in other oncological diseases. The individual product areas are described in more detail below:

#### Breast product area

The various MeVis software products for the diagnosis of breast cancer support the analysis and presentation of images from mammography screening and other imaging procedures for early and rapid diagnosis. Thanks to many years of experience in the field of software-supported analysis of imaging examinations and expertise in workflow, computer-aided diagnosis and system integration, the applications offer optimum conditions for

detecting and treating breast cancer as early as possible. With the aim of meeting customer needs, particularly in the area of display and reading speed even with many patients and large volumes of data, MeVis offers programmable workflow functions through special keyboards, computer-aided diagnosis and optional organization of duplicate findings in close connection with 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 further development 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 product area**

Software solutions from MeVis in the field of lungs detect anomalies - such as lung tumors or pulmonary emboli - in computed tomographic images fully automatically. 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 in three dimensions. However, evaluating the growing volumes of data is 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 area 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.

Based on this technology and expertise from the field of breast cancer screening, a more advanced version of the lung cancer screening product was launched some time ago. This is specifically targeted at 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 product area**

With its MeVis Distant Services service, 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, work is in progress on a stand-alone software solution which, based on Deep Learning technology, will meet state-of-the-art diagnostic requirements and facilitate workflow in a pioneering way.

### **Neuro product area**

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. The MeVis software solution thus helps neurosurgeons to plan the optimal and gentlest approach to the tumor, thus allowing 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 metrics (rCBV, rCBF, TTP, etc.) and displays them in color maps that 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 radiology case collections provide the basis. 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 is developing software components for Internet-based collaboration via radiological expert networks in cooperation with the German Radiological Society and 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 application area 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. In this context, 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 ongoing and forward-looking adaptation to new medical and technological developments as well as to the continuous increase in the volumes 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 in the reporting period was on the development of software applications to open up new application areas, 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 maintenance revenues in the long term.

## Technology platforms

**MeVisLab** is MeVis' own research and development environment for the rapid and effective development of software prototypes and products. With this unique software development tool, methods and workflows can be tested, evaluated, and optimized in a timely manner ("rapid prototyping") very quickly in clinical environments and distributed via various channels. The prototypes developed on the basis of MeVisLab can be advanced in the value chain in a short time by linking them to software technologies for product development and transferred to market-ready products. This leads to a significant reduction in development and product launch times. This development method is successfully used in the development of various software products, including the further development of the Veolity product for efficient reporting of lung CT studies, new image-based planning tools for additive manufacturing/3D printing, the MeVis Online Academy training platform and special applications for internet-based multidisciplinary collaboration, teleradiology and radiotherapy planning ("MeVis Online Services").

**MeVisAP**, a technology platform developed in-house, provides basic services such as integration into the hospital network, license management, administration of studies and worklists, 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 process their cases from any station, seek the advice of other experts and interrupt or continue their work at any time. Thanks to its modular concept, MeVis can quickly put together and combine combinations of different clinical questions or imaging procedures entirely according to the customer's wishes. On the one hand, MeVisAP serves as a complete reporting platform; on the other hand, partial functions from existing systems (RIS, PACS, system platforms) can be integrated into it.

## ECONOMIC REPORT

### MACROECONOMIC AND INDUSTRY-SPECIFIC CONDITIONS

#### Overall economic situation<sup>1</sup>

The overall economic situation in both 2020 and 2021 was dominated by the Corona pandemic: The outbreak of the pandemic and the first lockdown in spring 2020 led to a historic slump in GDP. The recovery in the summer was slowed at the end of the year by the second Corona wave and a renewed lockdown. Overall, economic output in Germany in 2020 will be 4.6% lower than in 2019, according to calculations by the Federal Statistical Office. However, the German economy came through the Corona crisis in 2020 significantly better than the European average (-6.3%). In particular, the economic performance of the large EU member states France and Italy was hit much harder by the consequences of the Corona pandemic, with slumps of -8% and -8.9% respectively. Spain even recorded a 10.8% drop in GDP. Overall, the economy in Europe was hit hard by the Corona crisis compared with the rest of the world. For example, the United States economy recorded a slightly smaller decline of -3.4% in 2020 than Germany, and the People's Republic of China even achieved growth of 2.3%.

Despite the ongoing Corona pandemic and, in some cases, rising new infections, the global economic recovery continued in 2021. The availability of vaccines had a positive impact. However, the rapid spread of the delta variant and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. In addition, supply bottlenecks, low transport capacity and concerns about increasing new infections are having a dampening effect. According to the International Monetary Fund (IMF) forecast from October 2021, global GDP will grow by 5.9% year-on-year in 2021 and by 4.9% in 2022. For the USA, the most important economic region for MeVis, the IMF forecasts an increase in economic output of 6% in 2021 and growth of 5.2% in 2022. The growth rates for the euro zone and Germany are estimated to be somewhat worse: For the euro zone as a whole, the IMF forecasts growth rates of 5% for 2021 and an increase of 4.3% for 2022. For Germany, it expects growth of 3.1% for 2021 and 4.6% for 2022.

#### Industry development

At the beginning of 2021, the market research company Frost & Sullivan forecast that, according to a conservative estimate, the global market for medical technology will grow at an average annual rate of more than 6% to reach a value of US\$582 billion by 2025. Based on an optimistic scenario, the market could even grow by more than 7% p.a. to US\$616 billion. Depending on the scenario, sales are expected to increase by between 4.2% and 7.2% year-on-year in 2021 as a whole, corresponding to a total of US\$461 billion. The imaging systems market, which is crucial for MeVis, will account for a share of 8.1% or better of USD 37.3 billion in 2021. By region, the largest market shares are in North America (38.6%), Europe (25.7%), and Asia (27.4%)<sup>2</sup>.

Europe is of great importance not only as a producer, but also as a market. With a value of around 140 billion euros, it represents just under 30% of the global market. The largest medical technology markets in Europe are Germany, France, the United Kingdom, Italy and Spain. The same group of countries also forms the five largest IVD (in vitro diagnostics) markets in Europe. With a share of 40%, the U.S. is Europe's most important medical technology importer and, at 41%, is also the most important destination country for European exports. Within Europe, German medical technology companies lead the field. Of the industry sales generated in the European Union, which amounted to around 107 billion euros in 2018, German companies account for 41%. In total, around 67,000 companies are active in the medical technology sector in the EU (including small businesses). Nearly 600,000 people are employed by these companies. These figures impressively demonstrate how important the medical technology industry is not only for Germany, but for the entire European economy. In 2020, German medical technology manufacturers generated total sales of approximately €34.3 billion (including small businesses €43.9 billion). This corresponds to an increase of just under 3% compared with the previous year

<sup>1</sup> Source: International Monetary Fund - World Economic Outlook (WEO) & Updates 2020/2021

<sup>2</sup> Source: SPECTARIS Yearbook 2021/2022, page 24/25

(€ 33.3 billion). Compared with the other European countries, Germany again occupies one of the leading positions. According to a 2018 evaluation, medical technology sales in France amounted to € 13.2 billion, Italy € 13.0 billion, the United Kingdom € 6.7 billion and Switzerland € 5.8 billion.<sup>3</sup>

The medical technology sector, and in particular the area of medical imaging, continues to be a very important market for MMS AG, even if the Corona pandemic in 2020 / 2021 has resulted in more restrained demand. A shift from the dominant markets of the USA and Europe to Asia continues to be felt. Key drivers in the coming years will continue to be the growing population, demographic development, medical-technological progress, particularly in the emerging markets, and increasing awareness of health. Increasing digitization, the processing of the volumes of data made available and the automation of diagnostics will also be a significant driver, both for new treatment methods and for new business potential.

The ever-increasing digitization of social life is changing the requirements for modern and future-oriented 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 also more accurate diagnostics will occupy us significantly in the coming years and drive a transformation in digital medical technology.

So far, medical devices based on artificial intelligence (AI) have proven themselves primarily in the field of imaging. They play a major role in diagnostics. The analysis of very large amounts of data makes it possible to detect pathological changes in the image quickly and reliably. Physicians can then make decisions regarding the further course of treatment based on the AI information. Image data, laboratory findings or blood values - digitization in medicine leads to gigantic amounts of data. Big Data represents the basis for the application of AI in medicine. AI can combine and analyze large amounts of data in a very short time. Significantly faster than would ever be possible for humans. The patterns found are used by clinical professionals to support decision-making. In the case of rare diseases, however, this process is sometimes hampered by the limited availability of data.

Cancer was the second leading cause of death in Germany in 2019, accounting for a quarter of all deaths. AI will increasingly play a role in the fight against cancer. Among other things, in the evaluation of mammography images and lung images for the early detection of breast cancer and lung cancer, respectively, radiology professionals can be supported by AI. The hit rate of AI is even slightly higher than that of human experts. AI is also used in determining the stage of cancer. When examining tissue samples and assessing how far the disease has spread, clinical professionals can be supported by deep learning algorithms. This can help locate the cancer more quickly and accurately. X-rays are the most commonly used form of diagnostic imaging. Radiologists examine countless images every day to diagnose diseases and recommend therapies. The application potential of AI is particularly great here: algorithms can not only facilitate the time-consuming evaluation of images by searching for and marking abnormalities. They also help keep radiation exposure to a minimum. Algorithms recognize the relevant body part and set the optimal exposure area for it. The X-rays are then focused on the relevant areas.

Looking at the situation at MeVis, we believe that medical imaging as a sub-segment of medical technology continues to be of great importance. Here, topics such as multimodal 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.

For MeVis, the topic of breast cancer diagnostics continues to be not only the biggest sales guarantor but also a very interesting field thematically, in which we will continue to be involved in the future. As in recent years, demand for three-dimensional digital tomosynthesis systems continues to grow, especially in Europe. The widespread use of the technology is leading to increased demand for the corresponding recording devices from the major medical technology companies.

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<sup>3</sup> Source: SPECTARIS Yearbook 2021/2022, page 18

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. Fortunately, the demand for lung cancer screening solutions is increasing worldwide and will continue to gain ground.

## 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 services for technical visualizations (Distant Services) and within the scope of online training.

At around 90% of total sales, the software business, which includes products for the medical technology companies Hologic, Vital Images, and Philips, again accounted for the majority of the Company's total sales in this reporting period.

## EARNINGS PERFORMANCE

In the fiscal year, the Company's revenues amounted to € 16,214 k (previous year: € 17,131 k). Of these revenues, 30 % (previous year: 31 %) were generated from the sale of licenses, 34 % (previous year: 36 %) from maintenance revenues, and 36 % (previous year: 33 %) from other revenues, which include, among other things, services provided to and charges passed on to affiliated companies and the parent company.

The slight year-on-year decline in license revenue resulted from a decrease in the number of licenses sold. The deterioration in maintenance revenue is predominantly due to the reduction in maintenance revenue with the customer Hologic as a result of the decrease in newly concluded maintenance contracts. In addition, the decrease in the average USD exchange rate contributed to a deterioration in revenue, as the majority of invoices are billed in USD. The year-on-year improvement in other sales results from an increase in sales in the area of development services, as more services were provided to the Varex Imaging Group.

Other operating income amounted to € 1,403 k in the past financial year (previous year: € 960 k). It mainly comprises income from exchange rate differences amounting to € 1,188 k (previous year: € 742 k).

The cost of materials decreased to € 437 k (previous year: € 626 k) and mainly consists of external services for the lung product area amounting to € 199 k (previous year: € 360 k) and the use of materials for the mammography product area amounting to € 62 k (previous year: € 92 k). In addition, rental expenses of € 106 k (previous year: € 106 k) relate to office space that is sublet to MBC KG.

The Company's personnel expenses amounted to € 8,854 k in the past financial year (previous year: € 8,552 k). In the reporting year, the average number of permanent employees of the Company decreased by 1 to 103. The number of temporary student employees fell to 1 (previous year: 4). The increase in personnel expenses is due to the annual salary increase of approximately 1.5%.

Other operating expenses amounted to € 3,721 k in the reporting period (previous year: € 3,240 k). They comprise expenses from exchange rate differences of € 1,127 k (previous year: € 1,108 k), rental expenses of € 461 k (previous year: € 431 k), expenses for legal, consulting and auditing fees of € 1,183 k (previous year: € 516 k), telephone/internet expenses of € 155 k (previous year: € 168 k), vehicle costs of € 155 k (previous year: € 134 k), operating expenses (energy, cleaning, maintenance, etc.) of € 155 k (previous year: € 123 k), selling expenses of € 43 k (previous year: € 12 k), and other operating expenses of € 442 k (previous year: € 648 k). The expenses for legal, consulting and audit fees include expenses in connection with the defense of a patent lawsuit totaling € 608 k (previous year: € 300 k).

MeVis BreastCare GmbH & Co. KG (MBC KG) decided not to make a distribution due to the loss generated in the previous year. As a result, income from investments decreased by € 127 k.

Income from long-term loans amounts to € 162 k (previous year: € 175 k) and relates to interest income from the loan granted to Varex Imaging Deutschland AG.



Earnings before interest and taxes (EBIT) fell by € 1,164 k to € 4,642 k, mainly as a result of lower sales, higher other operating expenses and increased personnel expenses compared with the previous year.

Taking into account interest expenses of € 11 k (previous year: € 12 k), earnings before taxes (EBT) amounted to € 4,631 k (previous year: € 5,794 k).

Income taxes of € 85 k (previous year: € 90 k) incurred in the financial year remained almost constant compared to the previous year.

Taking into account the income tax charge of € 85 k (previous year: € 90 k) and the expense of € 4,546 k (previous year: € 5,704 k) from the profit transfer to Varex Imaging Deutschland AG, the net profit for the year amounted to € 0 k (previous year: € 0 k).

## APPROPRIATION OF EARNINGS

The profit of € 4,546 k is transferred to Varex Imaging Deutschland AG on the basis of the control and profit transfer agreement.

## INVESTMENTS

In the reporting period, investments in property, plant and equipment amounted to € 51 k (previous year: € 103 k), mainly relating to office and business equipment.

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

## NET ASSETS AND FINANCIAL POSITION

The balance sheet total decreased slightly to € 27,534 k (previous year: € 27,791 k). Fixed assets decreased by € 75 k and current assets by € 234 k. Prepaid expenses increased by € 52 k. Shareholders' equity remained constant. Accruals increased by € 560 k and liabilities decreased by € 1,005 k, in particular due to a lower profit to be transferred in the past financial year compared to the previous year. Deferred income increased by € 188 k.

The equity ratio increased to 65% (previous year: 64%) due to the slight decrease in total assets and the constant level of shareholders' equity, while the gearing ratio decreased accordingly to 35% (previous year: 36%).

Fixed assets decreased by € 75 k to € 16,659 k as of the balance sheet date (previous year: € 16,734 k). The main component continues to be a loan to the shareholder in the amount of € 16,225 k (previous year: € 16,225 k). Intangible fixed assets decreased to € 0 k (previous year: € 2 k) due to scheduled amortization. Property, plant and equipment consisting of operating and office equipment in the amount of € 122 k (previous year: € 194 k) decreased with scheduled depreciation in the amount of € 123 k and additions totaling € 51 k.

Current assets decreased by € 234 k to € 10,774 k as of the balance sheet date (previous year: € 11,008 k). Trade receivables decreased by € 475 k, mainly due to the decline in sales, but also due to an increase in payments received at the end of the year. Receivables from affiliated companies decreased by € 3,372 k due to increased incoming payments, in particular from Varex Imaging Corporation. Accordingly, cash and cash equivalents increased by € 3,667 k.

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

Accruals increased by € 560 k to € 3,014 k compared to the previous year (previous year: € 2,454 k), mainly due to an increase in other accruals. Pension provisions increased by € 114 k to € 484 k, in particular due to the lower discount rate. Tax provisions increased by € 84 k as the Company's tax assessments for the financial years 2018/2019, 2019/2020 and 2020/2021 are outstanding. Other accruals increased to € 2,276 k, among other things due to higher personnel accruals and increased accruals for legal costs in connection with the defense of a patent lawsuit (€ 459 k; previous year: € 300 k). Liabilities decreased by € 1,005 k to € 4,961 k (previous year: € 5,966 k), mainly due to the decrease in liabilities to affiliated companies as of the balance sheet date. As in the previous year, there are no liabilities to banks. Deferred income increased by € 188 k to

€ 1,732 k due to higher 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 by € 3,667 k to € 7,621 k in the past financial year. The increase is mainly due to a positive cash flow from operating activities amounting to € 9,131 k (previous year: € 2,890 k). On the other hand, payments to the shareholder due to profit transfers amounted to € 5,704 k (previous year: € 1,571 k).

Cash flow from operating activities increased to € 9,131 k in fiscal 2020/2021, taking into account cash and non-cash transactions. The positive cash flow from investing activities amounted to € 112 k in the reporting period (previous year: € 189 k) and includes interest received of € 162 k (previous year: € 165 k) and payments for investments in property, plant and equipment of € 51 k (previous year: € 103 k).

The negative cash flow from financing activities amounted to € 5,704 k (previous year: € 1,571 k) and resulted from the payment for the profit transfer of the financial year 2019/2020 to the shareholder Varex Imaging Deutschland AG.

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

## CONTROL SYSTEM

The Company's key financial performance indicators are sales and earnings before interest and taxes (EBIT). A variance analysis is regularly carried out on the basis of the respective budgeted figures and those of the previous year, including a corresponding assessment of the risk situation. This analysis, together with external market and competitive information, forms the basis for an ongoing review of the plan and a continuous adjustment of the forecast.

## NON-FINANCIAL PERFORMANCE INDICATORS

The enterprise value of MeVis is determined not only by financial but also by non-financial influencing factors. They relate, for example, to the company's relations with its employees and customers, its innovative ability and its quality management. Corporate goals can only be achieved if MeVis is able to retain competent and committed employees as an attractive and responsible employer and develops innovative as well as high-quality products and solutions that will continue to meet customer requirements in the future. A financial evaluation of the non-financial indicators does not take place at MeVis.

### Employees

The employees of MeVis Medical Solutions AG are an essential part of the capital. Their know-how and commitment make a decisive contribution to the company's success. Their knowledge and experience ensure the quality of the products and the continuous optimization of processes and services. Flat hierarchies, great creative freedom and a high degree of personal responsibility are an expression of the open corporate culture. MeVis attaches great importance to a pleasant working atmosphere and respectful interaction with one another. A code of conduct that applies to all employees governs dealings with each other, business partners and service providers. Financial recognition of individual performance is just as important to MeVis as the offer of flexible working time models, targeted personnel development and offers for health-promoting measures.

As of the balance sheet date, MeVis Medical Solutions AG had 103 permanent employees (previous year: 105) and 1 student tester on a temporary basis (previous year: 2). This corresponds to a total of 94 full-time equivalents (previous year: 97). The vast majority of employees received a bonus payment on a voluntary basis in addition to their fixed remuneration in the past financial year.

### Quality Management and Regulatory Affairs

High-quality processes including comprehensive know-how with regard 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 is installed at MeVis. MeVis is certified in accordance with EN ISO 13485:2016 (incl. MDSAP Audit Model Edition 2 for the areas of development, production, final inspection, distribution and installation in Australia, Canada, USA) for the areas of development, production, final inspection and distribution of software for the reporting of medical image data and intervention support as well as for services for the evaluation of medical image data. These and other certifications and approvals enable the Company to develop products that meet the requirements of Directive 93/42/EEC as well as (EU) 2017/745 "MDR" (Europe), FDA 510(k) (USA), CMDCAS (Canada), TGA (Australia) and KGMP (Korea) and to bring these products to regulatory approval. The Company is registered in the United Kingdom (UK) with the Medicines & Healthcare products Regulatory Agency (MHRA) and is therefore qualified to place medical devices on the UK market.

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

### **Innovation capability**

Innovations and new technologies are of key importance for the strategic further 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 ongoing and forward-looking adaptation to new medical and technological developments as well as to the continuous increase in the volumes 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 the specific application. 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 the successful long-term cooperation with internationally important medical technology companies. Within the framework of the so-called OEM distribution model, the software solutions are distributed 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, 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 BreastCare. In addition, MeVis provided development services to Varex Imaging Corporation in the past fiscal years. This involves software solutions for human, veterinary and industrial X-ray applications. These good customer relationships are the basis for MeVis' success.

## **OVERALL STATEMENT**

The fiscal year 2020/2021 was again successful for MeVis with regard to the key financial figures despite the partly severe restrictions of the Corona pandemic. Among other things, MeVis was able to continue to participate in Hologic's good market position for breast cancer screening. Thanks to the still solid cost structure, very good results were generated.

The medium and long-term future outlook remains clouded by the change in cooperation with MeVis initiated by Hologic and the related expected decline in sales to and activities for Hologic.

## DISCLOSURES PURSUANT TO SECTION 289a (1) HGB AND EXPLANATORY REPORT BY THE EXECUTIVE BOARD

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

### **Composition of subscribed capital (Sec. 289a (1) No. 1 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. In accordance with the statutory provisions and the Articles of Association, the shareholders exercise their rights at the Annual General Meeting and vote there.

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

To the Company's knowledge, 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 conferring powers of control (Sec. 289a (1) No. 4 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 HGB)**

Employees holding an interest in the capital of MeVis Medical Solutions AG exercise their voting control rights directly.

### **Appointment and dismissal of members of the Executive Board and amendment of the Articles of Association (Section 289a (1) no. 6 HGB)**

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

Pursuant to Art. 6 par. 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 Executive 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 Section 84 (1) Sentence 1, (3) AktG and Section 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 sections 133, 179 et seq. German Stock Corporation Act (AktG). Pursuant to § 119 (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 the resolution is adopted, unless the Articles of Association stipulate a different - but for amendments to the purpose of the Company only a higher - capital majority. According to 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 mandatory by law. Pursuant to Art. 9 par. 5 of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association that relate only to their wording.

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

*Authorized capital (Art. 5 par. 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 k 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 subscription rights; 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 Section 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 (Art. 5 par. 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 Section 71 (1) No. 6-8 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 HGB)**

MeVis Medical Solutions AG has entered into the material agreements listed below, which contain provisions in the event of a change of control, for example as a result of a takeover bid:

- Siemens Healthcare GmbH, as a 49% shareholder of MeVis BreastCare GmbH & Co. KG, is entitled to demand the transfer of MeVis Medical Solutions AG's limited partner's share in MeVis BreastCare GmbH & Co. KG as well as its share in MeVis BreastCare Verwaltungsgesellschaft mbH to itself at an appropriate price if a third party - directly or indirectly - acquires a controlling influence within the meaning of Section 17

of the German Stock Corporation Act (AktG) over MeVis Medical Solutions AG and competes with Siemens Healthcare GmbH.

- The company Philips (formerly Invivo Corporation) as licensee of MeVis Medical Solutions AG has the right to terminate the license agreement existing between it and MeVis Medical Solutions AG in the event of a change in the existing control relationships within MeVis Medical Solutions AG to the extent that the then controlling party does not recognize the obligation of the license agreement.

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

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

## **CORPORATE GOVERNANCE STATEMENT (SECTION 289f HGB)**

The current corporate governance statement has been made available on the corporate 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/).

## **COMPENSATION REPORT**

### **Compensation of the Executive Board**

Currently, the Executive Board of MeVis Medical Solutions AG consists of one person, Mr. Marcus Kirchhoff, who manages the company as sole member of the Executive Board. His contract was extended in November 2020 until March 2026.

On January 20, 2021, the Supervisory Board of MeVis Medical Solutions AG adopted the main features of a new system for the remuneration of the members of the Executive Board, which was submitted to the Annual General Meeting for approval on March 24, 2021 in accordance with Section 120a (1) AktG. The Annual General Meeting approved the system for the remuneration of the members of the Executive Board and the system for the remuneration of the members of the Executive Board has been published on the Company's website since the resolution of the Annual General Meeting.

The remuneration system for the Executive Board of MeVis Medical Solutions AG was resolved by the Supervisory Board with particular regard to the Company's integration into the Varex Group. The Company is controlled by Varex Imaging Deutschland AG, which holds a majority interest in the Company and has entered into a control and profit and loss transfer agreement with the Company. The parent company of the Varex Group is Varex Imaging Corporation, USA, which indirectly holds all shares of Varex Imaging Deutschland AG and thus indirectly also a majority shareholding in the Company.

The remuneration structure takes into account the Company's integration into the Varex Group and the dual mandate of the Company's current sole Executive Board member at Varex Imaging Deutschland AG. The remuneration system for the members of the Executive Board of MeVis Medical Solutions AG is limited to a non-performance-related remuneration. As a member of the Executive Board of Varex Imaging Deutschland AG, Mr. Kirchhoff receives (exclusively) a performance-related variable remuneration from the latter, which is based on the success of the Varex Group. As MeVis Medical Solutions AG is part of the Varex Group, this performance-related remuneration also promotes the business strategy and the sustainable and long-term development of the Company.

The current Executive Board contract, which has a term of five years, provides for transitional payments of up to four months' compensation in the event of non-renewal with four months' notice of the end of the contract not being given. 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 conduct on the part of the Executive Board member. The Executive Board contract was extended in



November 2020 by a further 5 years (April 2021 to March 2026). The conditions regarding transitional payments as described above are unchanged.

The total compensation of the Executive Board amounted to €307 k in the reporting year (previous year: €303 k).

In fiscal year 2020/2021 the Executive Board received the following compensation:

FIGURES IN €	Fixed compensation	Performance-related remuneration	Components with long-term incentive effect	Non-cash benefits from remuneration in kind	Stock options	Total
	Salary	Bonus	Bonus with leverage dependent on share price			
Marcus Kirchhoff	297,792.96	0.00	0.00	9,468.79	0.00	307,261.75
<b>Total</b>	<b>297,792.96</b>	<b>0.00</b>	<b>0.00</b>	<b>9,468.79</b>	<b>0.00</b>	<b>307,261.75</b>

In addition, Mr. Kirchhoff received 4,828 shares (restricted stock units) of Varex Imaging Corporation with holding periods between 2 and 4 years from Varex Imaging Deutschland AG and sold shares (restricted stock units) of Varex Imaging Corporation from previous grants in the amount of € 30,535.81. Mr. Kirchhoff also received a bonus payment of € 83,845.00 from Varex Imaging Deutschland AG.

In fiscal year 2019/2020, the Executive Board received the following compensation:

FIGURES IN €	Fixed compensation	Performance-related remuneration	Components with long-term incentive effect	Non-cash benefits from remuneration in kind	Stock options	Total
	Salary	Bonus	Bonus with leverage dependent on share price			
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 4,303 shares (restricted stock units) of Varex Imaging Corporation with holding periods between 2 and 4 years from Varex Imaging Deutschland AG 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, former Chief Financial Officer, left the Company as of March 31, 2019 and thus no longer received any fixed remuneration for the financial year 2019/2020. He received an outstanding bonus payment from Varex Imaging Deutschland AG in the amount of € 31,290.00 in the financial year 2019/2020.

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 accordance with the criteria of the German Corporate Governance Code ("GCGC"), the following presentation of Executive Board compensation results:

## Grants awarded

In 2019/2020 and 2020/2021, the Board was awarded the following grants:

Grants awarded	<b>Marcus Kirchhoff</b> <b>Chairman of the Board</b>			
	2020/2021	2020/2021	2020/2021	2019/2020
		(Min)	(Max)	
Fixed remuneration	298	298	298	294
Ancillary services	9	9	9	9
<b>Total</b>	<b>307</b>	<b>307</b>	<b>307</b>	<b>303</b>
One-year variable compensation	0	0	0	0
Multi-year variable compensation				
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>307</b>	<b>307</b>	<b>307</b>	<b>303</b>

## Inflows

The following benefits accrued to the Executive Board in 2019/2020 and 2020/2021:

Inflow	<b>Marcus Kirchhoff</b> <b>Chairman of the Board</b>	
	2020/2021	2019/2020
Fixed remuneration	298	294
Ancillary services	9	9
<b>Total</b>	<b>307</b>	<b>303</b>
One-year variable compensation	0	0
Multi-year variable compensation		
Bonus with share price-dependent leverage	0	0
Stock options	0	0
<b>Total variable compensation</b>	<b>0</b>	<b>0</b>
Utility expenses	0	0
<b>Total compensation</b>	<b>307</b>	<b>303</b>

## Remuneration of the Supervisory Board

Pursuant to Section 10 (1) of the Articles of Association of MeVis Medical Solutions AG, the Annual General Meeting may approve remuneration for the members of the Supervisory Board for fiscal years beginning after January 1, 2016 in accordance with Section 113 (1) sentence 2 AktG. Such a resolution was not passed by the Annual General Meeting, so that the members of the Supervisory Board do not receive either fixed or variable remuneration from the Company. By resolution of the Annual General Meeting on March 24, 2021, the Annual General Meeting confirmed the regulations on the remuneration of Supervisory Board members contained in Section 10 of the Articles of Association of MeVis Medical Solutions AG.

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.

Pursuant to Section 10 (2) of the Articles of Association of MeVis Medical Solutions AG, the members of the Supervisory Board are reimbursed for expenses incurred as a result of their participation in the Supervisory Board meetings as well as any value-added tax payable thereon. No attendance fee is paid.

§ Section 10 (3) of the Articles of Association of MeVis Medical Solutions AG provides that the Company may take out pecuniary loss liability insurance with an insured sum of up to EUR 5 million for the benefit of the members of the Supervisory Board at the Company's expense. For the benefit of the members of the Executive Board and the Supervisory Board, a pecuniary loss liability insurance policy with an insured amount of EUR 5 million has been taken out at the Company's expense.

Accordingly, the members received the following compensation for 2020/2021 in connection with their activities as members of the Supervisory Board:

a. Kimberley E. Honeysett

As Chairwoman of the Supervisory Board of MMS AG, Ms. Honeysett received no remuneration. Reimbursements of expenses have not been claimed.

b. Sunny Sanyal

As Deputy Chairman of the Supervisory Board (until March 24, 2021) or member of the Supervisory Board of MMS AG, Mr. Sanyal received no remuneration. Reimbursements of expenses have not been claimed.

c. Matthew C. Lowell

Mr. Lowell received no remuneration as a member of the Supervisory Board of MMS AG until March 24, 2021. Reimbursements of expenses have not been claimed.

d. Shubham Maheshwari

As Deputy Chairman of the Supervisory Board of MMS AG since March 24, 2021, Mr. Maheshwari received no remuneration. Reimbursements of expenses have not been claimed.

## OPPORTUNITY 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 ongoing activities are based on the conviction that global demand for medical imaging technology or 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 within the framework 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 as well as to broaden its customer base, especially for the business areas Development Services and Other Diagnostics. 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 medical platform providers 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 and health policy debates, such as the importance of early detection programs for lung cancer, continue to play an important and decisive role in the business environment of MeVis. Therefore, the Executive Board cannot rule out the possibility that such external factors may have a negative impact on the market environment and thus on the Company's revenue and sales expectations for fiscal year 2021/2022 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 checkups, 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 management team continue to be a key instrument for identifying asset risks and changes in the economic development of the business segments or other risks threatening 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. Monetary quantification of risks is carried out 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 carried out, 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) Risks in connection with product development

MeVis has been investing intensively in new technologies and products for many years. Despite extensive market studies, there is a risk that no commercial success will be achieved in the process and that, as a result, resources will be used for projects for which only low future revenues can be generated. In addition, it could become increasingly difficult to identify products that appear commercially attractive.

Despite extensive market studies, the development of new products and basic technologies is fundamentally subject to significant risk, particularly in cooperation with new customers. While MeVis attempts to focus on reducing the revenue risk in the development of products, e.g. by involving major customers in the development costs, there remains a financial risk in the necessary preliminary 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 images 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 adjudicated 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 with its Visia Lung CAD product and for this reason launched a dedicated lung screening solution on the market in the second half of fiscal year 2014 and concluded a contract with a major medical technology company for its marketing. The introduction of broad-based lung screening programs would create 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) Opportunities and risks from exchange rate fluctuations

MMS AG and its affiliate offer their services internationally and thus also outside the euro currency area, in particular on the U.S. market. The revenues of MMS AG and its affiliate are invoiced in the currency in whose territory 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 of the kind usually concluded, which may have a positive or negative impact on the Company's results of operations. In addition, a significant portion of the liquidity and all of the 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 as required to manage the foreign exchange risk resulting from cash flows from (expected) 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 currency risks are attributable to its global business activities and, in particular, to the sale of products to U.S. customers, which are 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.

Furthermore, the Company has identified in particular the following opportunities and risks, which are less significant than those listed above in terms of extent of damage and/or expected damage, whereby the risks are

divided into those relating to business activities, market-related risks and those relating to research and development. In the individual areas, the risks are presented in order of importance, starting with the most significant:

## **OPPORTUNITIES AND RISKS IN CONNECTION WITH BUSINESS ACTIVITIES**

- a) Risks from dependence on major customers and opportunities from the acquisition of additional major customers

The Company generates a significant portion of its revenues from a small number of major industrial customers. These major customers are therefore of considerable importance for the business development of MMS AG. In some cases, fixed-term contracts with a term of several years have been concluded with these major customers. If it is not possible to maintain the existing positive business relationships with these important customers, or if these major customers decide not to continue these relationships for other reasons or become insolvent, this would have a direct negative impact on the net assets, financial position and results of operations of the Company. For this reason, MMS AG endeavors to expand the number of business relationships in such a way that the existing risk is minimized on the one hand, without eroding the quality or profitability of individual areas on the other.

If MeVis succeeds in acquiring one or more additional major customers and concluding agreements with them for the license sale of existing or new software products, this will result in opportunities to generate additional revenue contributions. In addition, this would reduce the risks from dependence on individual medical technology companies due to a broader distribution of sales among more customers.

- b) Risks from the expiry of the SecurView™ contract with Hologic on December 31, 2021

The existing contract with the medical technology company Hologic for the distribution of the SecurView™ product was extended by one year in January 2021 and is now limited until December 31, 2021. Due to the very large installed base of SecurView™ in the market, demand is also expected from January 1, 2022, it is assumed that there will be a need for maintenance services and possibly also new licenses, so that a contract extension beyond December 31, 2021, can be expected. A possible change in the contract or non-renewal of the contract could have a significant impact on the net assets, financial position and results of operations due to the importance of this business for MeVis.

- c) Opportunities and risks depending on the success of customers

Even if the relationships with MMS AG's major customers continue to be positive or solvent, opportunities and risks exist in connection with the success of these customers, as the Company is fundamentally dependent on the major customers successfully marketing their products due to the existing contractual arrangements. The same applies in principle to indirect marketing by sales partners. If customer products cannot be successfully marketed or if customers fail to obtain the necessary approvals for their products, this would have a negative impact on demand for MMS AG's products and its investment. On the other hand, a great sales success of medical technology companies may have a positive effect on MeVis' licensing business.

- d) Product liability risks

Despite constant quality assurance, it cannot be ruled out that MeVis' products may have defects. In such cases, MeVis would possibly be exposed to warranty claims by contractual partners or product liability claims. In addition, warranty and product liability disputes could lead to a loss of confidence in the market and damage MeVis' reputation.

- e) Risks in connection with the use of trademarks

It is possible that other identifiers such as third-party brands, names or companies exist that are similar to the designations used by MMS AG or its affiliated companies or registered as brands and protect identical or similar services and goods. In this respect, it cannot be ruled out that a collision may occur with regard to third-party trademarks or designations (such as names, company designations, etc.), which could result in MeVis no longer being allowed to use the designation in question or to use the trademark in question. In



such a case, there would also be a risk that MMS AG or MBC KG would have to pay damages to the rights holders.

f) Risks in connection with the use of patents and utility models

MMS AG and MBC KG are owners of a number of German, European and US patents and patent applications. A German utility model is also protected for MBC KG. It cannot be ruled out that third parties may infringe the industrial property rights of the Company or its subsidiaries. Nor can it be ruled out that MeVis, for its part, will infringe third-party patents or utility models. Due to the fact that MeVis is part of an American group, there is an increased risk that MeVis will be sued in the USA for patent infringements and that considerable legal fees will be incurred in defending these claims - irrespective of their substance.

g) Risks in connection with financial instruments

The main financial instruments held by MMS AG are a loan to Varex Imaging Deutschland AG and cash and cash equivalents. Cash and cash equivalents are used to finance business activities and investments. In addition, the Company has various other financial instruments, such as receivables and payables, which result directly from its business activities. No significant default or liquidity risks are seen. For further information on exchange rate risks, please refer to our comments on opportunities and risks arising from exchange rate fluctuations.

h) Liquidity risks

A change in the business and market environment of MMS AG and its investment could result in the companies being unable to meet their financial obligations from operating activities. Such an erosion of the liquidity situation could result from the occurrence of one of the aforementioned risks, e.g. in connection with existing major customers, or from significant delays in incoming payments. Securing liquidity and managing accounts receivable is therefore just as much an integral part of ongoing liquidity management at MMS AG and its affiliates as financial due diligence for new customers. As of the reporting date, MMS AG had € 7.6 million in cash and cash equivalents (previous year: € 4.6 million). (previous year: € 4.0 million). The Company assumes that this liquidity is sufficient to meet its short- and medium-term payment obligations. Further liquidity requirements could arise in subsequent years if the planned revenues are not achieved and it is not possible to reduce MMS AG's costs accordingly. There were no credit lines with banks as of the balance sheet date. Liquidity risks are very significantly reduced by the obligation of Varex Imaging Deutschland AG, secured by letters of comfort of the U.S. parent company, Varex Imaging Corporation, to assume potential losses, as stipulated in the control and profit and loss transfer agreement.

## MARKET-RELATED OPPORTUNITIES AND RISKS

a) Risks from the need for continuous product optimization

In the competitive environment, MeVis is dependent on the constant further development of the products it offers in order to be able to adapt them to the development of the market, taking into account the respective regional requirements, and to be able to offer them in accordance with the respective current technological status of the diagnosis, therapy and intervention methods. It cannot be ruled out that technical progress in these areas may lead to developments in the future that could overtake the software developed by MeVis. Should MeVis not succeed in further developing the software products it offers in line with the rapid and dynamic technical advances in the respective areas of application, this could have a negative impact on order intake and thus on the net assets, financial position and results of operations of MMS AG.

b) Risks from the further development of PACS systems

If the range of functions of the PACS systems were to develop to a considerable extent in the direction of the software applications offered by MeVis, this could have a negative impact on the market for dedicated software applications, which are operated on so-called workstations. The market for dedicated software applications is of crucial importance for MeVis.

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

If clinical end customers place greater emphasis on seamless integration of the software applications used in the hospital's existing IT landscape in the future, this would lead to a shift in the markets from individual providers of dedicated applications such as MeVis to fully integrated PACS solutions with negative effects on MeVis' net assets, financial position and results of operations.

## **RISKS IN CONNECTION WITH RESEARCH AND DEVELOPMENT**

### **a) Risks from the availability of qualified managers and employees**

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 that such highly qualified and specialized personnel can only be found on the free labor market to a limited extent. Despite internal succession arrangements, "knowledge sharing" and incentive systems, the loss of even one of these individuals 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 ASSOCIATED WITH ENVIRONMENTAL DISASTERS (E.G., CORONA PANDEMIC)**

Since the beginning of the 2020 calendar year, we have been affected by the impact of the Corona pandemic. Although the economy largely recovered after the first shutdown in 2020 and the slump in global economic output, supply bottlenecks, low transport capacities and concerns about increasing new infections are currently having a negative impact on the positive trend. We therefore still cannot rule out the possibility that our sales performance may be negatively impacted as the pandemic progresses, e.g., as a result of a decline 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. 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 continue to assume that these possible partial closures will not have any impact on the development and sale of our products. To ensure business operations and minimize the impact of the pandemic on our business, we are maintaining the measures already in place, such as increased hygiene and safety standards, reduction of physical contacts, avoidance of third-party visits, business travel restrictions, expansion of home office options, and 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 where 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 control 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.

The financial statements are prepared by the Executive Board and audited by the Supervisory Board. The Supervisory Board has commissioned the auditors appointed by the Annual General Meeting for fiscal 2020/2021, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, to audit the financial statements for fiscal 2020/2021. This will ensure that no conflicts of interest affect the auditors' work.

The audit of the annual financial statements for fiscal 2019/2020 was also conducted by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Bremen, in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut für Wirtschaftsprüfer (IDW).

## ACCOUNTING-RELATED RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM

In general, the risk management system and the internal control system also include the accounting-related processes and all risks and controls with regard to accounting. This refers to all parts of the risk management system and internal control system that can have a material impact on the annual financial statements of MMS AG.

The aim of the risk management system with regard to the accounting processes is to identify and assess risks that may conflict with the objective of ensuring that the financial statements comply with regulations. Identified risks must be assessed with regard to their impact on the annual financial statements and management report. The objective of the internal control system in this context is to implement appropriate controls to provide reasonable assurance that the annual financial statements and management report are prepared in compliance with the regulations despite the identified risks.

The Company has an internal control and risk management system with regard to the accounting process, in which suitable structures and processes are defined and implemented in the organization. Timely and correct accounting recording of all transactions is ensured. Legal standards and accounting regulations are complied with, and amendments to laws and accounting standards are continuously analyzed, incorporated and implemented with regard to their relevance and impact on the annual financial statements. The employees involved receive regular training in this regard.

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 accounting and the preparation of financial statements, and appropriate access regulations in the IT systems relevant to 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.

## FORECAST REPORT

Fiscal year 2020/2021 developed better for MeVis than assumed in the forecast: In the original forecast, we assumed a significant decline in sales to € 15.0 million to € 15.5 million based on the business assessment of our customers, whereas sales in fiscal 2020/2021 only declined to € 16.2 million. The better sales development compared to the forecast is mainly due to the fact that the expected sales decline with Hologic, caused by a further delay of its new product release, did not occur as expected. While revenue from the licensing business developed in line with the forecast, revenue from the maintenance business developed better than expected, contrary to the forecast. Encouragingly, revenue from development services also improved against forecast. The Corona pandemic had only a minor impact on the Company's business.

The picture is similar for EBIT: A decline to € 3.5 million to € 4.0 million was originally forecast for this performance indicator in fiscal 2020/2021. In fact, EBIT decreased to € 4.6 million. In particular, the significantly better sales performance compared with the forecast and the improved earnings from exchange rate differences contributed to EBIT exceeding the original forecast.

For the financial year 2021/2022, sales of € 16.0 million to € 16.5 million are now expected to remain stable compared to the previous year. In addition to the slight decline in sales with the customer Hologic, slightly increasing sales are expected in the area of development services. For earnings before interest and taxes (EBIT), we also expect stability in the range of € 4.0 million to € 4.5 million. The forecast sales stability, with an expected break-even result from exchange rate differences, is the main driver for the unchanged outlook for EBIT. Possible impact of the current Corona pandemic has played a role in the budget preparation. 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 in the last 12 months as a result of the Corona pandemic and in this respect have not made any specific Corona markdowns on our budget.

As in the past reporting period, the Executive Board will regularly review its expectations in the course of fiscal 2021/2022 on the basis of current business developments.

Bremen, January 19, 2022

A handwritten signature in black ink, appearing to read "Marcus Kirchhoff". The signature is stylized with a large, looped 'K' and a trailing flourish.

Marcus Kirchhoff  
Executive Board

MeVis Medical Solutions AG, Bremen

## BALANCE SHEET

as of September 30, 2021 (previous year: as of September 30, 2020)

ASSETS (FIGURES IN €)		30.09.2021	30.09.2020
<b>A.</b>	<b>Fixed assets</b>		
<b>I.</b>	<b>Intangible assets</b>		
	Concessions, industrial property rights and similar rights and assets acquired for consideration, as well as licenses to such rights and assets	338.46	2,425.60
<b>II.</b>	<b>Property, plant and equipment</b>		
	Operating and office equipment	121,792.75	194,357.83
<b>III.</b>	<b>Financial assets</b>		
1.	Shares in affiliated companies	312,042.00	312,042.00
2.	Loans to affiliated companies	16,225,211.69	16,225,211.69
		16,537,253.69	16,537,253.69
		16,659,384.90	16,734,037.12
<b>B.</b>	<b>Current assets</b>		
<b>I.</b>	<b>Receivables and other assets</b>		
1.	Trade receivables	2,271,865.82	2,747,149.74
2.	Receivables from affiliated companies	526,847.70	3,899,106.31
3.	Other assets	354,254.52	408,593.06
		3,152,968.04	6,804,849.11
<b>II.</b>	<b>Cash on hand, bank balances</b>		
		7,621,040.17	3,953,630.76
		10,774,008.21	11,008,479.87
<b>C.</b>	<b>Prepaid expenses</b>	100,202.83	48,328.36
		27,533,595.94	27,790,845.35

<b>LIABILITIES (IN €)</b>	<b>30.09.2021</b>	<b>30.09.2020</b>
<b>A. Equity</b>		
<b>I. Subscribed capital</b>		
Subscribed capital	1,820,000.00	1,820,000.00
<b>II. Capital reserve</b>	11,461,332.48	11,461,332.48
<b>III. Retained earnings</b>		
1. Legal reserve	5,000.00	5,000.00
2. Other retained earnings	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. Provisions</b>		
1. Accrued pension and similar obligations	483,608.00	369,850.00
2. Tax provisions	254,344.75	170,000.00
3. Other accrued liabilities	2,275,765.09	1,914,186.15
	3,013,717.84	2,454,036.15
<b>C. Liabilities</b>		
1. Advance payments received on orders	26,848.87	21,140.51
2. Trade accounts payable	239,758.66	92,744.29
3. Liabilities to affiliated companies Company	4,545,681.16	5,703,907.05
4. Other liabilities -of which from taxes € 110,332.84 (prev. year € 113,181.39)- -of which social security € 30,433.26 (prev. year € 28,277.48 )-	149,253.52	148,464.60
	4,961,542.21	5,966,256.45
<b>D. Prepaid expenses</b>	1,732,315.11	1,544,531.97
	27,533,595.94	27,790,845.35



## MeVis Medical Solutions AG, Bremen

## PROFIT AND LOSS ACCOUNT

for the period from October 1, 2020 to September 30, 2021 (previous year: October 1, 2019 to September 30, 2020)

INDICATIONS IN €	2020/2021	2019/2020
1. Revenues	16,213,998.72	17,130,932.85
2. Other operating income --of which from currency translation € 1,187,652.93 (previous year: € 742,286.26)--.	1,403,117.47	960,494.67
3. Cost of materials		
a) Cost of purchased goods	44,510.77	92,411.98
b) Expenses for purchased services	392,339.40	533,800.59
	436,850.17	626,212.57
4. Personnel expenses		
a) Wages and salaries	7,438,929.48	7,190,474.34
b) Social security contributions and expenses for pensions and other employee benefits --of which for pensions € 112,853.04 (previous year € 84,511.48)--.	1,414,929.41	1,361,950.28
	8,853,858.89	8,552,424.62
5. Amortization of intangible assets and depreciation of property, plant and equipment	125,513.22	167,507.15
6. Other operating expenses --of which from currency translation € 1,127,065.17 (previous year € 1,108,094.39)--.	3,721,182.89	3,240,413.11
7. Income from investments --of which from affiliated companies € 0.00 (previous year € 126,587.81)	0.00	126,587.81
8. Income from loans held as financial assets --of which from affiliated companies € 161,791.14 (previous year € 174,653.66)--.	161,791.14	174,653.66
9. Interest and similar expenses --of which from compounding € 10,821.00 (previous year € 11,728.00)--.	10,821.00	11,728.00
10. Taxes on income and earnings	85,000.00	90,476.49
11. Earnings after taxes	4,545,681.16	5,703,907.05
12. Profit transferred on the basis of a profit transfer agreement	4,545,681.16	5,703,907.05
13. Net income	0.00	0.00

## MeVis Medical Solutions AG, Bremen

## CASH FLOW STATEMENT

for the period from October 1, 2020 to September 30, 2021 (previous year: October 1, 2019 to September 30, 2020)

INDICATIONS IN €	2020/2021	2019/2020
<b>Profit for the year before profit transfer</b>	<b>4,545,681.16</b>	<b>5,703,907.05</b>
+ Depreciation and amortization of non-current assets	125,513.22	167,507.15
+/-		
- Increase/decrease in provisions	464,569.94	213,826.55
+/-		
- Other non-cash expenses/income	-180,413.12	200,634.85
- Increase/decrease in trade receivables and other assets not attributable to investing or financing activities	3,901,184.30	-2,619,056.00
+/-		
- Decrease/increase in trade accounts payable and other liabilities not attributable to investing or financing activities	341,294.79	-228,712.54
+/-		
- Interest result	-150,970.14	-162,925.66
- Other income from investments	0.00	-126,587.81
+ Income tax expense	85,000.00	90,476.49
- Income tax payments	-655.25	-349,211.84
<b>= Cash flow from operating activities</b>	<b>9,131,204.90</b>	<b>2,889,858.24</b>
Payments made for investments in property, plant and equipment	-50,861.00	-102,554.17
+ Interest received	162,487.91	165,008.89
- Dividends received	0.00	126,587.81
<b>= Cash flow from investing activities</b>	<b>111,626.91</b>	<b>189,042.53</b>
- Interest paid	-54.00	0.00
- Payment to shareholders (remaining profit transfer)	-5,703,907.05	-1,570,939.48
<b>= Cash flow from financing activities</b>	<b>-5,703,961.05</b>	<b>-1,570,939.48</b>
<b>Cash-effective change in cash and cash equivalents</b>	<b>3,538,870.76</b>	<b>1,507,961.29</b>
+/-		
Effect of exchange rate changes on cash and cash equivalents	128,538.65	-154,581.44
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,953,630.76</b>	<b>2,600,250.91</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>7,621,040.17</b>	<b>3,953,630.76</b>

## STATEMENT OF CHANGES IN EQUITY

for the period from October 1, 2020 to September 30, 2021 (previous year: October 1, 2019 to September 30, 2020)

INDICATIONS IN €	Reserves				Net income	Total
	Signed Capital	Capital reserve	Retained ear- nings	Retained ear- nings		
	Ordinary shares	Pursuant to sec- tion 272 (2) nos. 1 - 3 HGB	Legal reserve	Other retained earnings		
<b>Status 01.10.2019/ 30.09.2020</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>
<b>Status 01.10.2020/ 30.09.2021</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 TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2020/2021

## ACCOUNTING AND VALUATION PRINCIPLES

MeVis Medical Solutions AG has its registered office in Bremen and is entered in the commercial register at Bremen Local Court (HRB 23791 HB).

The annual financial statements have been prepared in accordance with the provisions of the German Commercial Code applicable to corporations and in compliance with the German Stock Corporation Act. The nature of expense method has been used for the income statement. The annual financial statements have been prepared on a going concern basis.

The Company is a large corporation within the meaning of Section 267 (3) HGB.

The fiscal year of MeVis Medical Solutions AG covers the reporting period from October 1 of each year to September 30 of the following year. These annual financial statements cover the reporting period from October 1, 2020 to September 30, 2021.

**Purchased intangible assets** are carried at cost less straight-line amortization. Impairment losses are recognized where necessary. Software for commercial and technical applications is amortized over a useful life of three years. The amortization of acquired rights to use software intended for marketing is based on a useful life of five years.

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

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

	Useful life in years
EDP devices	3
Operating equipment	3 - 10
Leasehold improvements	5 - 10

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

**Investments in affiliated companies** are measured at cost. If there is a permanent impairment, 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 revenue surpluses are derived using a capitalization rate derived from the return on a risk-adequate alternative investment. To the extent that the reasons for a write-down no longer exist, this is taken into account by means of a write-up.

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

**Receivables and other assets** are carried at their nominal values less appropriate specific valuation allowances.

**Cash and cash equivalents** are carried at nominal value.

Payments made prior to the balance sheet date are recognized as **prepaid** expenses if they represent expenses for a certain 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 pension entitlements. 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 recognized at the amount required to settle the underlying obligations according to prudent business judgment. 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 maturity.

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

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

**Deferred** income is recognized for payments received prior to the balance sheet date to the extent that 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 average spot exchange rate on the reporting date.

## NOTES TO THE BALANCE SHEET

### Fixed assets

A statement of changes in non-current assets based on total acquisition cost (statement of changes in non-current assets) is presented in the appendix to the notes.

### Shares in affiliated companies

MeVis Medical Solutions AG (hereinafter also "MMS AG" or the "Company") holds interests in the following companies:

INDICATIONS in T€	Share in capital	Amount of equity	Annual result
1. MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen, Germany	51.0 %	33	1
2. MeVis BreastCare GmbH & Co. KG, Bremen, Germany	51.0 %	2,334	-305

The figures shown in the table relate in each case to September 30, 2021.

### Receivables and other assets

Of the receivables and other assets, other assets amounting to € 250 k (previous year: € 250 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 accounts receivable amounted to € 2,545 k as of the balance sheet date (previous year: € 2,747 k) and mainly relate to receivables from the customers Hologic, Vital Images and Philips.

Receivables from affiliated companies relate in the amount of € 64 k (previous year: € 160 k) to trade with MBC KG and in the amount of € 463 k (previous year: € 3,739 k) to trade with Varex Imaging Deutschland AG and Varex Imaging Corporation.

Other assets amounted to € 354k as of the balance sheet date (previous year: € 409k). These mainly relate to a rent deposit in the amount of € 250k and receivables from a development project in the amount of € 88 k.

## Prepaid expenses and deferred charges

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 2021.

## Taxes

Due to the income tax unity between Varex Imaging Deutschland AG and MMS AG, which has been in place since October 1, 2017, MMS AG is no longer subject to taxes. The income taxes of € 85 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 section 16 KStG.

Deferred taxes arise from temporary valuation differences between the commercial balance sheet and the tax balance sheet which, when offset in later years, lead to a charge or credit. 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 taken into account at the parent company, Varex Imaging Deutschland AG, in accordance with the formal approach required by commercial law.

## Equity

### a) Share capital

The share capital of MMS AG amounts to €1,820 k (2019/2020: €1,820 k). It consists of 1,820,000 (2019/2020: 1,820,000) no-par value registered shares, which are fully paid up. The notional value of each no-par share is €1.

### b) Capital reserve

The capital reserve amounts to €11,461 k (previous year: €11,461 k) and results from the issue proceeds originally received in connection with the Company's IPO in excess of the increase in capital stock, to the extent that they were not used to offset the net accumulated loss in 2013, and from the sale of treasury shares in the Company in 2015.

### c) Retained earnings

In accordance with Section 150 of the German Stock Corporation Act (AktG), a legal reserve of €5 k was formed in 2006. As the sum of the legal reserve and the capital reserve exceeds 10% of the share capital, no further allocations are to be made.

### d) Authorized capital

In accordance with 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 k 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 subscription rights; 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 Section 186 (5) sentence 1 AktG 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.

### e) Notifications pursuant to WpHG

Based on the notifications received by MMS AG pursuant to §§ 21 et seq. WpHG, the following notifiable shareholdings or voting rights in MMS AG existed up to the balance sheet date of the annual financial statements:

- 1) On January 5, 2017, Varex Imaging Deutschland AG, Willich, Germany, notified us pursuant to Section 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) that on December 31, 2016, it had received from VMS Deutschland Holdings GmbH a proxy to exercise voting rights in MeVis Medical



Solutions AG, Bremen, Germany, which is not bound by instructions and is unlimited in time. On this date, in accordance with Section 22 (1) of the German Securities Trading Act (WpHG), it was allocated 73.65% (corresponding to 1,340,498 voting rights).

On January 5, 2017, Varex Imaging Investments BV, Dinxperlo, Netherlands, notified us pursuant to section 21 (1) of the WpHG that its subsidiary January 5, 2017, that its subsidiary, Varex Imaging Deutschland AG, Willich, Germany, had received a power of attorney from VMS Deutschland Holdings GmbH to exercise the voting rights in MeVis Medical Solutions AG, Bremen, Germany, on December 31, 2016. On this date, 73.65% (corresponding to 1,340,498 voting rights) were attributed to it pursuant to Section 22 (1) WpHG.

On January 5, 2017, Varex Imaging International Holdings BV, Dinxperlo, Netherlands, notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its sub-subsiary, Varex Imaging Deutschland AG, Willich, Germany, had been granted a proxy to exercise voting rights in MeVis Medical Solutions AG, Bremen, Germany, by VMS Deutschland Holdings GmbH on December 31, 2016, without being bound by instructions and for an unlimited period. On this date, 73.65% (corresponding to 1,340,498 voting rights) were attributed to it pursuant to Section 22 (1) WpHG.

Varex Imaging Corporation, Wilmington, Delaware, USA, notified us pursuant to Section 21 (1) WpHG on January 5, 2017, that its great-grandchildren's company, Varex Imaging Deutschland AG, Willich, Germany, had received a power of attorney from VMS Deutschland Holdings GmbH to exercise the voting rights in MeVis Medical Solutions AG, Bremen, Germany, on December 31, 2016. On this date, 73.65% (corresponding to 1,340,498 voting rights) were attributed to it pursuant to Section 22 (1) WpHG.

Full 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.

- 2) HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us on June 7, 2017 pursuant to Section 21 (1) WpHG that its share of voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the threshold of 5% on June 6, 2017 and amounted to 5.51% (equivalent to 100,277 voting rights) on that date.
- 3) On March 2, 2021, Hauck & Aufhäuser Fund Services S.A., Munsbach, Luxembourg (prior to 2018: Oppenheim Asset Management Services S.à.r.l., Luxembourg, Luxembourg) notified us pursuant to Section 21 (1) of the German Securities Trading Act (WpHG) that its share of voting rights in MeVis Medical Solutions AG, Bremen, Germany, had fallen below the threshold of 3% on February 25, 2021 and amounted to 2.74% (equivalent to 49,800 voting rights) on that date.
- 4) HANSAINVEST Hanseatische Investment-GmbH, Hamburg, Germany, notified us on November 2, 2021 pursuant to Section 21 (1) WpHG that its share of voting rights in MeVis Medical Solutions AG, Bremen, Germany, exceeded the threshold of 10% on November 1, 2021 and amounted to 12.57% (equivalent to 228,726 voting rights) on that date.

## Provisions

### a) Pension obligations

The settlement amount of pension provisions (€ 903 k; previous year: € 781 k) is initially determined in accordance with the benefit obligations arising from pension commitments on the basis of biometric probabilities based on the Heubeck 2018 G mortality tables using the actuarial projected unit credit method. The contractually agreed interest rate of 4% is taken into account when determining the present value of the earned entitlement. The calculation of the accrual for pensions was based on an average fluctuation rate of 1.5% p.a. (previous year: 1.5% p.a.). The discount rate used is the respective interest rate published by the Deutsche Bundesbank for a remaining term of 15 years. In accordance with § 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 (1.98 %; previous year: 2.42 %). The average market interest rate of the last seven years is 1.39 % (previous year: 1.71 %). The difference pursuant to Sec. 253 (6) Sentence 1 HGB amounts to € 142 k (previous year: € 151 k). The difference is the difference between pension accruals valued at the 10-year average interest rate as of the balance sheet date and pension accruals valued at the 7-year average interest rate as of the balance sheet date. The amount of the difference is subject to a distribution restriction. The difference is included in the profit transfer to Varex Imaging Deutschland AG and was therefore not subject to a transfer restriction.

In accordance with the provisions of § 246 (2) sentence 2 HGB, pension provisions were offset against the fair value of the reinsurance policy (€ 419 k; previous year: € 411 k). The fair value of the reinsurance corresponds to the actuarial reserve evidenced by the insurer. This value also corresponds to the amortized cost in accordance with the lower of cost or market principle.

### b) Tax provisions

Provisions for taxes amount to € 254 k (previous year: € 170 k). The tax provisions are based on the tax returns and tax calculations of MMS AG for the years 2019 to 2021.

### c) Other accrued liabilities

Other provisions amount to € 2,276 k (previous year: € 1,914 k). Of these, € 574 k (previous year: € 432 k) relate mainly to bonus provisions, € 459 k (previous year: € 300 k) to the defense of a patent lawsuit, € 385 k (previous year: € 385 k) to provisions for the 13th salary, and € 265 k (previous year: € 276 k) to provisions for vacation and overtime. salary, € 265 k (previous year: € 276 k) for accruals for vacation and overtime, € 355 k (previous year: € 595 k) for outstanding invoices, and € 151 k (previous year: € 152 k) for warranty accruals.

## Liabilities

In the reporting period, trade payables increased by € 147 k and amounted to € 240 k as of the reporting date. As in the previous year, there were no liabilities to affiliated companies relating to current offsetting. The liabilities to affiliated companies of € 4,546 k (previous year: € 5,704 k) relate to the profit transfer based on the existing control and profit 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, 2021.

## Deferred income

This item includes deferred revenue components from multiple-element arrangements that have already been paid but not yet recognized. In addition, payments received under maintenance contracts are deferred to the extent that the corresponding maintenance service has not yet been performed.

## NOTES TO THE INCOME STATEMENT

### Revenues

The breakdown of sales by revenue type is as follows:

INDICATIONS IN € K	2020/2021	2019/2020
Revenues from maintenance	5,521	6,230
Proceeds from the sale of licenses	4,848	5,286
Other	5,845	5,615
	<b>16,214</b>	<b>17,131</b>

In the financial year 2020/2021, the Company generated the majority of its revenues in the USA (€ 12,198 k; previous year: € 13,554 k) with its customers Hologic, Varian, Varex, Vital Images and Philips. This relates to revenues from the sale of licenses as well as revenues from maintenance and other services. Accordingly, sales revenues of € 4,016 k (previous year: € 3,577 k) were generated in Europe.

Other sales include income from the recharging of personnel expenses, rent and ancillary costs amounting to € 1,210 k (previous year: € 1,198 k).

Some of the sales revenues are subject to estimates, as the final invoicing of the services actually rendered is only performed annually and not as of the balance sheet date.

### Other operating income

Other operating income amounted to € 1,403 k in the financial year (previous year: € 960 k). Of this amount, exchange rate differences accounted for € 1,188k (previous year: € 742 k). The exchange rate differences are due to the fact that the majority of services are invoiced in US dollars and liquidity is also held in US dollars. Due to the fact that the Group is part of the Varex Imaging Group and in line with its corporate policy, no hedging transactions are concluded.

### Personnel expenses

Personnel expenses amounted to €8,854 k in 2020/2021 (previous year: €8,552 k). The average number of employees in the reporting year was 104 (previous year: 108). Of these, 1 (previous year: 4) were temporary employees. The average figures do not include the Executive Board. There were no industrial employees and one managerial employee in the current financial year (previous year: industrial: 0, managerial: 1).

### Other operating expenses

Other operating expenses amounted to € 3,721 k in the reporting period (previous year: € 3,240 k). They comprise expenses from exchange rate differences of € 1,127 k (previous year: € 1,108 k), rental expenses of € 461 k (previous year: € 431 k), expenses for legal, consulting and auditing fees of € 1,183 k (previous year: € 516 k), telephone/internet expenses of € 155 k (previous year: € 516 k), and other operating expenses of € 1,721 k (previous year: € 1,716 k). € 516 k, telephone/internet expenses of € 155 k (previous year: € 168 k), vehicle costs of € 155 k (previous year: € 134 k), operating expenses (energy, cleaning, maintenance, etc.) of € 155 k (previous year: € 123 k), and selling expenses of € 43 k (previous year: € 112 k).

Expenses for legal, consulting and audit fees include expenses of exceptional magnitude in connection with the defense of a patent lawsuit totaling € 608 k.

With regard to expenses arising from exchange rate differences, please refer to the explanatory notes on other operating income.

### Income from investments

In the previous year, the figure of €127 k relates in full to the distribution of MBC KG resolved in the shareholders' meeting minutes of July 2020 and attributable to MMS AG on a pro rata basis. No distribution was resolved in the current fiscal year.

**Income from loans held as financial assets**

Income from loans of the Company's financial assets totaled € 162 k in 2020/2021 (previous year: € 175 k) and relates exclusively to interest income from a fixed-interest loan to Varex Imaging Deutschland AG.

**Interest expense**

Interest expense amounts to € 11 k in 2020/2021 (previous year: € 12 k) and is almost entirely attributable to the net expense of € 8 k (previous year: € 8 k) from the compounding of pension provisions after offsetting against income from plan assets.

**NOTES TO THE CASH FLOW STATEMENT**

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

## OTHER INFORMATION

### Other financial commitments and contingencies

The Company's other financial obligations as of September 30, 2021 amount to € 945 k (previous year: € 1,444 k). € 945 k (previous year: € 1,444 k). Of this amount, € 789 k relates to rental agreements (previous year: € 1,315 k) and € 156 k to leases (previous year: € 129 k).

The rental agreements relate exclusively to rental agreements with limited terms for office space. The leases relate to motor vehicles and copying stations.

All of MMS AG's existing leases in fiscal year 2020/2021 are operating leases for passenger cars and copying stations. The economic ownership and thus the utilization risk of the leased assets lies with the respective lessor.

In § 3 of the partnership agreement of MBC KG, MMS AG has undertaken to immediately grant the affiliated company a loan of up to € 820 k at standard banking terms in the event of capital requirements exceeding the contributions. However, in view of the economic situation of MBC KG, we do not expect MBC KG to be dependent on additional loans in the short term to maintain its liquidity.

MMS AG has a partial contractual obligation to indemnify its customers and hold them harmless from costs incurred by customers in connection with disputes, lawsuits and penalties relating to the infringement of copyrights, patents or other proprietary rights of third parties arising from the use and distribution of MeVis products. As MMS AG is the owner of a number of German, European and U.S. patents and patent applications, we do not currently expect any claim to be made on the Company's obligation.

### Relationships with related parties

The Company conducts transactions with related parties, which are explained below. These are part of the ordinary course of business and are treated as arm's length transactions.

Related parties include the jointly controlled entities MBC KG and MBC GmbH, Varex Imaging Deutschland AG and, via the latter, the affiliated companies of 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	2020/2021
<b>Parent company</b>	
Receivables (from loans granted)	16,225
Liabilities (from profit and loss transfer agreement)	4,546
Income (mainly services and interest income)	911
Expenses (from profit transfer agreement)	4,612
<b>Other affiliated companies</b>	
Receivables (from services)	527
Income (mainly services)	3,205

Information on the compensation of the members of the corporate bodies is provided in the following section and in detail in the management report.

## Information on the Company's governing bodies

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

BOARD		
Marcus Kirchhoff Chairman Dassendorf	as of 1.3.2012	<ul style="list-style-type: none"> <li>Member of the shareholder delegation of MeVis BreastCare GmbH &amp; Co. KG</li> <li>Executive Board of Varex Imaging Deutschland AG (since Jan. 20, 2017)</li> </ul>
SUPERVISORY COUNCIL		
Kimberley E. Honeysett Chair Sandy, Utah, USA	from 8.3.2017	<ul style="list-style-type: none"> <li>Senior Vice President, General Counsel and 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>
Shubham Maheshwari Vice Chairman Jericho, New York, USA	from 24.3.2021	<ul style="list-style-type: none"> <li>Chief Finance Officer at Varex Imaging Corporation</li> <li>Member of the Supervisory Board of Varex Imaging Deutschland AG (since March 24, 2021)</li> <li>Member of the Board of Directors of Varex Imaging International AG, Switzerland (since Feb. 19, 2021)</li> </ul>
Sunny Sanyal (Vice Chairman until March 24, 2021), Sandy, Utah, USA	as of 24.9.2020	<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 Sept. 27, 2020)</li> <li>Non-executive Board member of the Medical Imaging Technology Alliance (MITA)</li> </ul>
Matthew C. Lowell Los Altos, California, USA	from 8.3.2017 until 24.3.2021	<ul style="list-style-type: none"> <li>Chief Finance Officer at Alpha Teknova, Inc.</li> <li>Vice President, Finance - Treasury &amp; Business Development at Varex Imaging Corporation (until Jan. 31, 2021)</li> <li>Member of the Supervisory Board of Varex Imaging Deutschland AG (Jan. 20, 2017 to May 31, 2018 and since Oct. 11, 2019 to March 24, 2021)</li> </ul>



## Compensation of the Executive Board

The main features of the compensation system for the Executive Board and details of the individual compensation paid to members of the Executive Board form part of the management report.

Currently, the Executive Board of MeVis Medical Solutions AG consists of one person, Mr. Marcus Kirchhoff, who manages the company as sole member of the Executive Board. His contract was extended in November 2020 until March 2026.

The total compensation of the Executive Board of the Company for fiscal year 2020/2021 amounts to € 307 k (previous year: € 303 k) and includes fixed compensation components including fringe benefits such as allowances for health insurance, accident insurance and the assessment of car usage.

The Company does not pay a variable, performance-related compensation component.

## Remuneration of the Supervisory Board

The main features of the compensation system for the Supervisory Board and the disclosure of the individual compensation of the members of the Supervisory Board are an integral part of the management report.

The total compensation of the members of the Supervisory Board for fiscal year 2020/2021 amounts to € 0 k (previous year: € 0 k).

The Company has not granted any advances or loans to members or former members of the Supervisory Board. A pecuniary loss liability insurance policy has been taken out at the expense of the Company for the benefit of the members of the Executive Board and the Supervisory Board.

## Auditor's fees

Figures in € k	01.10.2020- 30.09.2021	01.10.2019- 30.09.2020
Final exams (thereof relating to other periods € 26 k, previous year € 40 k)	135	218
Other confirmation services	0	0
Tax consultancy	0	0
Other services	0	0
<b>Total</b>	<b>135</b>	<b>218</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 declaration of conformity dated September 9, 2020, MeVis Medical Solutions AG has complied with the recommendations of the German Corporate Governance Code (GCGC) in the version dated December 16, 2019, with the exceptions stated and justified in the declaration dated September 9, 2020. For the period from September 09, 2021, 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, as well as which recommendations have not been or will not be applied. The current declaration of conformity is dated September 9, 2021 and is available to shareholders as a PDF on the company's website.

### Appropriation of earnings/compensation payments

The profit of € 4,612 k is transferred to Varex Imaging Deutschland AG on the basis of the control and profit transfer agreement.

In the control and profit and loss transfer agreement, Varex Imaging Deutschland AG has undertaken 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 EUR 1.13 (gross) per share for each full financial year.

### Group affiliation

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

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

### Events after the balance sheet date

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

Bremen, January 19, 2022



Marcus Kirchhoff  
Sole Member of the Executive Board

## DEVELOPMENT OF FIXED ASSETS

(statement of changes in non-current assets)

for the period from October 1, 2020 to September 30, 2021

INDICATIONS IN €	Acquisition costs			
	1.10.2020	Additions	Disposals	30.09.2021
<b>I.</b>				
<b>Intangible assets</b>				
Concessions, industrial property rights and similar rights and assets acquired against payment, as well as licenses to such rights and assets	1,329,859.48	0.00	0.00	1,329,859.48
<b>II.</b>				
<b>Property, plant and equipment</b>				
Operating and office equipment	1,727,673.62	50,861.00	0.00	1,778,534.62
<b>III.</b>				
<b>Financial assets</b>				
1. Shares in affiliated companies	312,042.00	0.00	0.00	312,042.00
2. 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>19,594,786.79</b>	<b>50,861.00</b>	<b>0.00</b>	<b>19,645,647.79</b>

Accumulated depreciation			Carrying amounts		
1.10.2020	Additions	Disposals	30.09.2021	30.09.2021	30.09.2020
1,327,433.88	2,087.14	0.00	1,329,521.02	338.46	2,425.60
1,533,315.79	123,426.08	0.00	1,656,741.87	121,792.75	194,357.83
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>2,860,749.67</b>	<b>125,513.22</b>	<b>0.00</b>	<b>2,986,262.89</b>	<b>16,659,384.90</b>	<b>16,734,037.12</b>

## RESPONSIBILITY STATEMENT BY THE LEGAL REPRESENTATIVES (BALANCE SHEET OATH)

"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 19, 2022

MeVis Medical Solutions AG

A handwritten signature in black ink, appearing to read 'Marcus Kirchhoff', written over a light blue horizontal line.

Marcus Kirchhoff

Sole Executive Board

The auditor's report reproduced below also includes a "Report on the audit of the electronic reproductions of the financial statements and management report prepared for disclosure purposes in accordance with Section 317 (3b) HGB" ("ESEF Report"). The subject matter underlying the ESEF Note (ESEF documents to be audited) is not attached. The audited ESEF documents can be viewed in or downloaded from the Federal Gazette.

## AUDITOR'S REPORT OF THE INDEPENDENT AUDITOR

To MeVis Medical Solutions AG, Bremen

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

#### *Audit Opinions*

We have audited the annual financial statements of MeVis Medical Solutions AG, Bremen, comprising the balance sheet as at 30. September 2021 the income statement, the cash flow statement and the statement of changes in equity for the financial year from 1. Oktober 2020 to 30. September 2021 and the notes to the financial statements, including the description of the accounting and valuation methods. In addition, we have audited the management report of MeVis Medical Solutions AG for the fiscal year from 1. Oktober 2020 to 30. September 2021 audited. In accordance with German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f HGB.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows

- the attached annual financial statements comply in all material respects with German commercial law and give a true and fair view of the net assets and financial position of the Company as of 30. September 2021 and its results of operations for the fiscal year from 1. Oktober 2020 to 30. September 2021 and
- the accompanying management report as a whole provides a suitable 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 accurately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the aforementioned corporate governance statement.

In accordance with Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the correctness of the annual financial statements and the management report.

#### *Basis for the audit judgments*

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Regulation on the Audit of Annual Financial Statements (No. 537/2014; hereinafter "EU-APrVO") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).



Our responsibility under those regulations and standards is further described in the "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" section of our auditor's report. We are independent of the Company in accordance with European law and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. Furthermore, in accordance with Article 10 (2) (f) EU-APrVO, we declare that we have not performed any prohibited non-audit services as defined in Article 5 (1) EU-APrVO. 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 the management report.

*Particularly important audit matters in the audit of the annual financial statements*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 1. Oktober 2020 to 30. September 2021 were. These matters were considered in connection with our audit of the financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

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

**① Revenue recognition**

We have structured our presentation of this particularly important audit matter as follows:

- ① Facts and problem
- ② Audit procedure and findings
- ③ Reference to further information

In the following, we present the audit matter of particular importance:

**① Revenue recognition**

The revenues of € 16,214k 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 € 8,346 k are attributable to Hologic as a major customer, of which € 4,576 k are attributable to revenues from maintenance contracts, € 3,670 k to revenues from the sale of licenses, and € 100 k to other revenues.

The 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 usually 12 months, so that the Company accrues the monthly amounts received in advance for the term of the contract, which in turn are released to income over the term of the contract. For contracts concluded as part of the extension of the original maintenance period, the Company receives monthly progress payments from Hologic.

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

Based on a plan prepared by Hologic and agreed with the Company regarding the expected number of new maintenance contract renewals and license upgrades, Hologic pays monthly installments 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 € 574 k attributable to the months of May to September 2021. These 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 Taking into account the knowledge that there is an increased risk of misstatement in the financial statements due to the estimates and assumptions to be made, we assessed the processes and controls put in place by the Company to recognize revenue. In order to assess the appropriateness of the revenue recognized as of the balance sheet date, we also assessed the consistency and consistency of the estimates and assumptions made. In the course of interviews with the legal representatives, we did not identify any indications that the estimates and assumptions were unsuitable for the correct presentation of the actual revenue development. Furthermore, we critically assessed the final statements of account 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 progress payments. The deviations between actual revenues and progress payments identified in the final settlements were within reasonable limits. Overall, the audit procedures described above and others enabled us to verify that the revenues were accurately reflected.
- ③ The Company's disclosures on revenue recognition 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 includes 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 financial statements, the audited management report and our auditor's report.

Our audit opinions on the financial statements and the 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

- are materially inconsistent with the annual financial statements, the management report or our knowledge obtained in the course of the audit, or
- otherwise appear to be materially misrepresented.

*Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German commercial law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

Furthermore, management is responsible for the preparation of the management report, which as a whole provides a suitable view of the Company's position and is consistent in all material respects with the annual financial statements, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of a management report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made 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 management report.

*Auditor's Responsibility for the Audit of the Annual Financial Statements and the Management Report*

Our objective is 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 a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and 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-APrVO and in compliance with German generally accepted standards for the audit of financial statements 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 financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- Identify and assess the risks of material misstatement of the annual financial statements and 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 opinion. The risk of not detecting material misstatements is higher for noncompliance than for inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misleading representations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the financial statements and the arrangements and actions 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 opinion on the effectiveness of those systems of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management 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 our auditor's report to the related disclosures in the financial statements and management report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner 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.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.

- We perform audit procedures on the forward-looking statements made by management in the management report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions underlying the forward-looking statements made by management and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

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 make a declaration to those charged with governance 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 have been put in place to address them.

From the matters we 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 these matters in the auditor's report unless law or regulation precludes public disclosure of the matter.

#### ***OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS***

##### ***Report on the audit of the electronic reproductions of the annual financial statements and management report prepared for disclosure purposes in accordance with Section 317 (3a) of the German Commercial Code (HGB)***

###### ***Audit opinion***

In accordance with Section 317 (3a) of the German Commercial Code (HGB), we have performed a reasonable assurance audit to determine whether the reproductions of the annual financial statements and the management report (hereinafter also referred to as "ESEF documents") contained in the attached file EA\_MeVis Medical Solutions AG\_30092021.zip and prepared for the purpose of disclosure comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit extends only to the conversion of the information in the annual financial statements and management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the annual financial statements and management report contained in the attached file referred to above and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements of Section 328 (1) HGB. We report on this audit opinion and on our audit opinions contained in the preceding "Report on the audit of the annual financial statements and management report" on the accompanying annual financial statements and on the accompanying management report for

the financial year from 1. Oktober 2020 to 30. September 2021 beyond that, we do not express an opinion on the information included in those reproductions or on the other information included in the aforementioned file.

#### *Basis for the audit opinion*

We conducted our audit of the reproductions of the annual financial statements and management report contained in the above-mentioned attached file in accordance with Section 317 (3a) HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with Section 317 (3a) HGB (IDW EPS 410) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has complied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1) applied.

#### *Responsibility of the legal representatives and the supervisory board for the ESEF documents*

The Company's management is responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the management report in accordance with section 328 (1) sentence 4 no. 1 HGB.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB regarding the electronic reporting format.

The Company's legal representatives are also responsible for submitting the ESEF documents, together with the auditor's report and the attached audited annual financial statements and audited management report, as well as other documents to be disclosed, to the operator of the Federal Gazette.

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

#### *Auditor's Responsibility for the Audit of the ESEF Documents*

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, 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 opinion.



- Obtain an understanding of internal control relevant to the audit of ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those controls.
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file.
- we assess whether the ESEF documentation provides a content equivalent XHTML reproduction of the audited financial statements and the audited management report.

***Other information according to Article 10 EU-APrVO***

We were appointed by the Annual General Meeting on 24. März 2021 as auditors of the financial statements. We were appointed as auditors on 18. August 2021 by the Supervisory Board. We have been the auditor of MeVis Medical Solutions AG, Bremen, without interruption since the 2016/2017 fiscal year.

We declare that the audit opinions contained in this audit opinion are consistent with the additional report to the Audit Committee pursuant to Article 11 EU-APrVO (Audit Report).

***AUDITOR IN CHARGE***

The auditor responsible for the audit is Thomas Dräger.

Bremen, January 25, 2022

PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

Thomas Drägerppa  
Certified Public

Konstantin Kessler  
Accountant Auditor

## DISCLAIMER

### FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on management's current estimates of future developments. Such statements are subject to risks and uncertainties that are beyond MeVis Medical Solutions AG's ability to control or estimate precisely, such as future market and economic conditions, the behavior of other market participants, the successful integration of new acquisitions and the actions of government regulators. If any of these or other uncertainties and imponderables materialize, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. MeVis Medical Solutions AG neither intends nor assumes any separate obligation to update any forward-looking statements to reflect events or developments occurring after the date of this report.

### DEVIATIONS FOR TECHNICAL REASONS

For technical reasons (e.g. conversion of electronic formats), there may be differences between the accounting documents contained in this financial report and those submitted to the Federal Gazette. In this case, the version submitted to the Federal Gazette shall be deemed the binding version.

The financial report is available for download on the Internet at:

<http://www.mevis.de/investor-relations/finanzberichte>

## FINANCIAL CALENDAR 2021/2022

<b>Date</b>	<b>Event</b>
January 27, 2022	Publication of Annual Report 2020/2021
March 23, 2022	Annual (virtual) General Meeting, Bremen
May 30, 2022	Publication of half-year financial report 2021/2022

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