

2017 | Q1

Interim Report

MeVis Medical Solutions AG



KEY FIGURES (IFRS)

FIGURES IN € k		Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015	Change
Revenues		5,537	4,081	36 %
of which segment	Digital Mammography	2,660	3,112	-15 %
	Other Diagnostics	2,877	969	197 %
EBITDA		3,220	1,299	148 %
EBITDA margin		58 %	32 %	
EBIT		2,875	850	235 %
EBIT margin		52 %	21 %	
Net financial result		1,565	-120	
EBT		4,440	730	508 %
Net profit for the period		4,427	3,771	17 %
Earnings per share in € (basic)		2.43	2.07	17 %
Earnings per share in € (diluted)		2.40	2.05	17 %
		Dec. 31, 2016	Sep. 30, 2016	Change
Equity capital		37,320	32,889	13 %
Intangible assets		12,416	12,718	-2 %
Non-current and current liabilities		10,066	10,114	0 %
Balance sheet total		47,386	43,003	10 %
Equity ratio in %		79 %	76 %	
Liquid funds ²		26,499	24,356	9 %
Employees ³		92	88	5 %

¹ Revenues are allocated to the currency according to the location of the customer; comprised of indirect sales via industry customers as well as sales to clinical end customers in the segment Distant Services.

² Comprising cash, cash equivalents and securities available for sale.

³ Full-time equivalents as of balance sheet date.

KEY SHARE DATA

As at December 31, 2016	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on September 30, 2016	€ 35.90
Last quotation on December 30, 2016	€ 37.95
High/low in fiscal year 2017	€ 41.00 / € 37.30
Market capitalization	€ 69.069 m
Treasury stock	0 (0 %)
Free float	20.3 %
Prime Standard (Regulated market)	Frankfurt and Xetra
Over-the-counter markets	Berlin, Dusseldorf, Munich, Stuttgart
Indices	CDAX, PrimeAS, TechnologyAS, DAXsector Software, DAXsubsector Software, GEX
ISIN / WKN / Ticker symbol	DE000A0LBFE4 / A0LBFE / M3V

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LETTER TO THE SHAREHOLDERS



from left: Marcus Kirchhoff, Dr. Robert Hannemann

*Dear Shareholders, Customers,
Business Associates and Employees,*

Overall, the first quarter of 2017 was a successful start into the new fiscal year. It was, on the one hand, characterized by a weaker licensing business, mainly in the Digital Mammography segment, on the other hand, by a one-time effect of € 1.8 million from the granting of extensive usage rights for MeVisLab. This results in a high quarterly turnover of € 5.5 million with an EBIT of € 2.9 million – a margin of 52 %.

Our performance in detail: **Sales** generated in the first quarter of 2017 amounted to € 5,537 k, 36 % higher than the corresponding quarter of the previous year (€ 4,081 k). The increase in sales revenues resulted mainly from the sale of extensive usage rights for our tool for the development of software prototypes MeVisLab for € 1,800 k, which is also included in the revenues of the Other Diagnostics segment. Sales of new licenses fell by 29 % to € 1,251 k and the maintenance business decreased by 5 %. Sales in the Digital Mammography segment decreased by 15 % to € 2,660 k (prev. year: € 3,112 k), sales in the Other Diagnostics segment increased to € 2,877 k (prev. year: € 969 k), without the one-time effect this corresponds to a growth of 11 %.

Operating **costs** fell significantly in the first quarter of 2017. Other operating expenses decreased in the first quarter compared to the same quarter last year to € 496 k (prev. year: € 795 k), mainly due to the provision recognized in the previous year for litigation costs.

As a result of higher sales, **EBITDA** (earnings before interest, taxes, depreciation and amortization) increased considerably by 148 % year on year, from € 1,299 k to € 3,220 k.

After depreciation and amortization of € 345 k (23 % below the previous year, mainly due to scheduled lower write-downs on capitalized development costs), **EBIT** (earnings before interest and taxes) came to € 2,875 k (with 238 % significantly above the previous year's figure of € 850 k), which corresponds to an EBIT margin of 52 % (previous year: 21 %).

The **financial result** significantly improved compared to the previous year from € -120 k to now € 1,565 k. This was mainly due to the effects of the development of US\$ in connection with a high proportion of US dollars in the available liquidity. Due to the fiscal unity, which became effective as of January 1, 2016, the tax result consists solely of withholding tax on capital of € 13 k (prev. year: income of € 3,041 k).

After-tax **earnings** consequently rose by € 656 k to € 4,427 k, which is equivalent to undiluted earnings per share of € 2.43 (prev. year: € 2.07).

Cash and cash equivalents increased by € 2,143 k to € 26,499 k as of December 31, 2016, compared to the end of the short fiscal year 2016.

For fiscal year 2017 (October 1, 2016 until September 30, 2017) a slight increase in sales to between € 16.5 m and € 17.0 m is expected. The Digital Mammography business segment will be the main contributor to sales at more than 75 %. This segment will again exclusively comprise business with our industrial customer, Hologic, in 2017. The expected slight increase in sales will most likely result from a decline in the operating activities in new licenses and maintenance contracts, a sharp increase in development support for Hologic for the development of its own software and a one-off effect from the sale of extensive usage rights for our tool for the development of software prototypes MeVisLab. Earnings before interest and taxes (EBIT) are expected to remain stable at between € 4.5 and € 5.0 m compared to 2016. As in the previous reporting period, the Executive Board will regularly review its expectations during fiscal year 2017 based on current business developments.

We would like to take this opportunity to once again thank all employees for their exceptional performance as well as our business associates, customers and shareholders for their confidence in us!



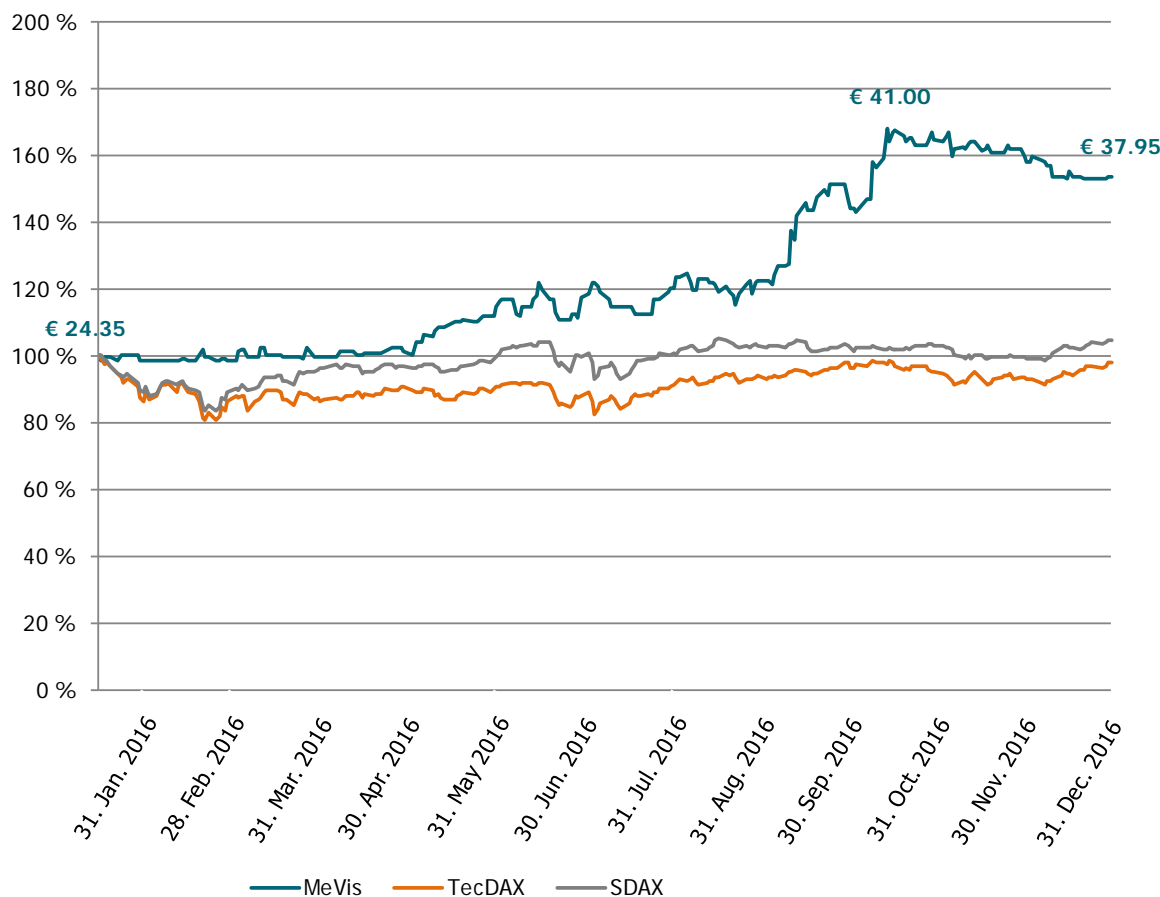
Marcus Kirchoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

THE MEVIS SHARE

DEVELOPMENT OF THE MEVIS SHARE (12 MONTH)



The highest price recorded for the MeVis share in electronic XETRA trading over the reporting period was € 41.00, and the lowest price was € 37.30. MeVis Medical Solutions AG finished the first quarter with a share price of € 37.95 (XETRA) compared to € 35.90 on September 30, 2016, the end of the short fiscal year 2016. This represents an increase in the value of MeVis shares at the end of the first quarter of the current fiscal year of approx. 6 % compared to the closing price at the end of the short fiscal year 2016. At the same time, the MeVis share performed positively over the last 12 months at +58 %. Market capitalization was around € 69.07 million at the end of the period, in relation to the 1,820,000 shares in circulation. The number of registered deposit accounts at the end of the period, at 771, increased significantly compared to September 30, 2016 (681 deposit accounts).

VMS Deutschland Holdings GmbH took over the majority shareholding of 73.52 % of the total share capital in MeVis Medical Solutions AG in April 2015 after a voluntary public tender offer. The domination and profit and loss transfer agreement signed on August 10, 2015 between VMS Deutschland Holdings GmbH and MeVis Medical Solutions AG was entered into the Commercial Register of the Bremen local court on October 20, 2015 and thus came into legal effect. As part of the domination and profit and loss transfer agreement, VMS Deutschland Holdings GmbH undertook to acquire upon the request of any outside shareholder the latter's MeVis shares in return for a cash settlement in the amount of € 19.77 per share. Alternatively, VMS

Deutschland Holdings GmbH guarantees those outside shareholders of MeVis Medical Solutions AG who do not wish to make use of the settlement offer, for the duration of the domination and profit and loss transfer agreement, the annual payment of a compensatory amount per fiscal year of MeVis Medical Solutions AG for every registered share of MeVis Medical Solutions AG with a pro rata share in the share capital of € 1.00 per share in the amount of € 1.13 gross / € 0.95 net.

KEY INDICATORS OF THE MEVIS SHARE

	3 M	9 M	6 M
	Dec. 31, 2016	Sept. 30, 2016	Jun. 30, 2016
Closing price in €	37.95	35.90	28.50
Period high in €	41.00	37.00	29.75
Period low in €	37.30	24.00	24.00
Market capitalization in million € (XETRA ultimo)	69.1	65.3	51.9
Number of shares	1,820,000	1,820,000	1,820,000
Price-to-earnings ratio (XETRA ultimo)	3.90	14.32	13.50
Earnings per share in € (basic)	2.43	1.88	1.06
Earnings per share in € (diluted)	2.40	1.86	1.04

DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

In the first quarter 2017 VMS Deutschland Holdings GmbH headquartered in Darmstadt, an indirect subsidiary of Varian Medical Systems, Inc., Palo Alto, California, USA, held 73.65 % of the share capital of MeVis Medical Solutions AG. As of December 31, 2016, VMS Deutschland Holdings GmbH granted Varex Imaging Deutschland AG, Willich, a power of attorney to exercise its voting rights not bound by any instructions. Other institutional shareholders are the Oppenheim Asset Management Services S.à.r.l. with approximately 3.01% and HANSAINVEST Hanseatische Investment-GmbH with also approximately 3.01% of the total share capital of MeVis Medical Solutions AG according to shareholder notifications received by us. Around 20.33 % of shares are currently in free float ownership.

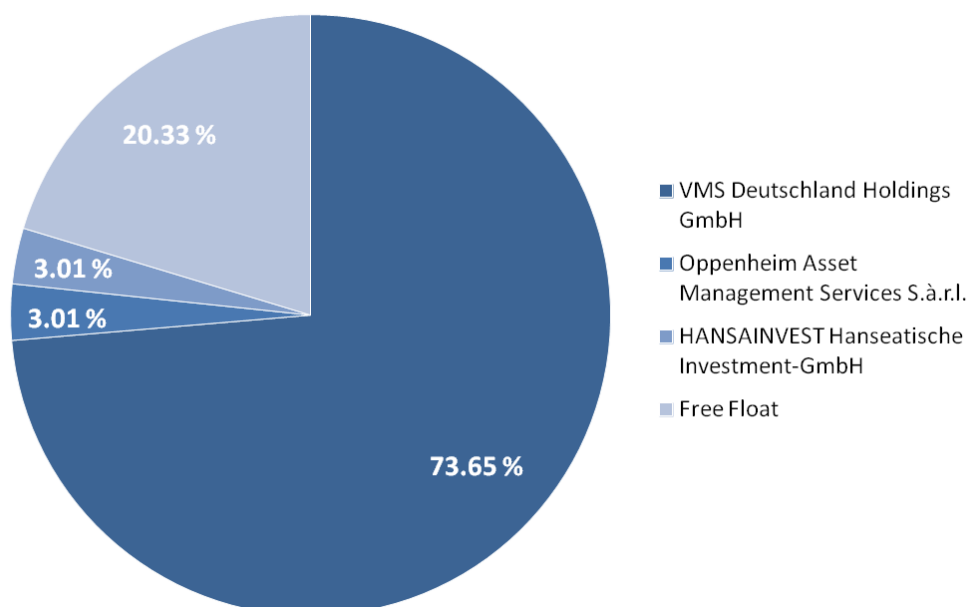


Fig.: Shareholder structure as at December 31, 2016
(In accordance with the shareholder notifications received by us.)

INTERIM MANAGEMENT REPORT Q1/2017

PREAMBLE

As resolved during the Annual General Meeting on June 7, 2016, MeVis Medical Solutions AG, Bremen, (hereafter: "MMS AG" or "Company") has changed the fiscal year. The Company's fiscal year starts on October 1st and ends on September 30th of the following year. Accordingly, the first quarter of fiscal 2017, which is reported here, covers the period from October 1, 2016 to December 31, 2016. The previous year's figures indicated below refer to the fourth quarter of fiscal 2015, the period October 1, 2015 to December 31, 2015. Thus, in this report, the first quarter of fiscal year 2017 is compared with the final quarter of the fiscal year 2015.

BASICS OF THE COMPANY

STRUCTURE

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

Since April 21, 2015 MMS AG belongs to the Varian Group under the leadership of Varian Medical Systems, Inc., Palo Alto, California, via VMS Deutschland Holdings GmbH, Darmstadt. MMS AG and VMS Deutschland Holdings GmbH concluded a domination and profit and loss transfer agreement on August 10, 2015, which was approved by the General Meeting of the shareholders on September 29, 2015. The registration in the Commercial Registry dated October 20, 2015.

SHORT SUMMARY OF BUSINESS ACTIVITIES

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

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

In addition to the sale of software licenses and corresponding maintenance contracts, MeVis offers to a lesser extent, services to clinical end customers. These include three-dimensional technical visualizations ("MeVis Distant Services") and interactive online trainings to improve the diagnostic capabilities of the clinicians ("Online Academy").

REPORTING SEGMENTS

For reporting purposes and internal governance, MeVis has two operating segments (“**Digital Mammography**” and “**Other Diagnostics**”).

The **Digital Mammography** segment develops and markets software products which support breast diagnostic imaging and intervention. Aside from the original products for digital mammography, new software applications for other imaging modalities such as ultrasound, magnetic resonance imaging and tomography were added. These products are distributed to the industrial customer Hologic.

In addition to the breast diagnostics business based on magnetic resonance imaging conducted with Invivo Corporation, the **Other Diagnostics** segment also includes digital radiology products (e.g. magnetic resonance imaging (MRI), computed tomography (CT), etc.) for other types of diseases such as lung, prostate and intestinal disorders as well as general image-based analysis and diagnostics of radiology images. Furthermore, the business with Vital Images for lung diagnostics and general analysis of MR-image data is included in this segment. Other main activities in this segment include the services of “MeVis Distant Services” for technical visualizations, which are used in training, for publications, presentations and for research purposes. In addition, this segment includes interactive online training (“MeVis Online Academy”) to improve the diagnostic capabilities of clinical end customers.

ECONOMIC REPORT

EARNINGS POSITION

Sales in the first quarter with € 5,537 k were roughly 36 % higher than the previous year (€ 4,081 k). In the first quarter of the year, license business declined significantly by 29 % to € 1,251 k (prev. year: € 1,751 k) and maintenance business by 5 % to € 1,834 k (prev. year: € 1,921 k) compared to the same period last year, while other revenues increased by € 2,040 k to € 2,447 k (prev. year: € 407 k). The increase in other revenues resulted mainly from the sale of extensive usage rights for our tool for the development of software prototypes MeVisLab for € 1,800 k.

Revenues stood at € 5,537 k in the first quarter of the year (prev. year: € 4,081 k), of which € 2,660 k was attributable to the Digital Mammography segment (prev. year: € 3,112 k) and € 2,877 k to Other Diagnostics (prev. year € 969 k). The Digital Mammography segment continued to be the main revenue driver without taking into account the one-time effect on other revenues.

The reduction in personnel expenses by -13 % to € 1,771 k (prev. year: € 2,041 k) was mainly attributable to provisions for special payments in the previous year. MMS AG had 105 employees on average in the first quarter of 2017. This corresponds to 92 full-time equivalents (prev. year: 101 employees or 90 full-time equivalents).

Other operating expenses were significantly below the previous year's level at € 496 k (prev. year: € 795 k) mainly due to the provision for litigation costs in the amount of € 300 k formed in 2015 and no longer present in the current financial statements. The expenses mainly consisted of rental expenses/leasing costs of € 146 k (prev. year: € 135 k), maintenance/repair costs of € 68 k (prev. year: € 36 k), travel expenses of € 64 k (prev. year: € 64 k) as well as training expenses of € 31 k (prev. year: € 5 k).

EBITDA (earnings before interest, taxes, depreciation and amortization) totaled € 3,220 k in the period under review (prev. year: € 1,299 k). Accordingly, the EBITDA margin increased considerably to 58 % (prev. year: 32 %).

Depreciation, amortization and impairments of intangible assets and property, plant and equipment decreased as expected by 23 % to € 345 k (prev. year: € 449 k), while amortization of development services fell by € 111 k to € 204 k (prev. year: € 315 k).

Earnings before interest and taxes (EBIT) amounted to € 2,875 k in the reporting period (prev. year: € 850 k). Accordingly, at 52 % the EBIT margin more than doubled compared to the previous year value of 21 %.

The financial result increased in the period under review to € 1,565 k (prev. year: € -120 k). In comparison to the previous year, there were significant changes in the balance of income and expenses from exchange rate differences of € 1.620 k (prev. year: € 92 k), as well as the result of the 51 % share in MeVis BreastCare GmbH & Co. KG of € -74 k (prev. year: € -167 k), which is recognized at equity.

Earnings before taxes (EBT) came to € 4,440 k in the reporting period (prev. year: € 730 k). Accordingly, the EBT margin rose to 80 % compared to 19 % in the previous year.

The tax result stood at € -13 k (prev. year: income of € 3,041 k due to the release of deferred taxes).

Net profit after taxes stood at € 4,427 k (prev. year: € 3,771 k).

Undiluted earnings per share rose to € 2.43 (prev. year: € 2.07).

FINANCIAL POSITION

Cash flow from current operating activities came to € 902 k (prev. year: € 3,339 k) in the period under review. This comprised earnings before interest and taxes (EBIT) of € 2,875 k (prev. year: € 850 k), adjusted for depreciation in the amount of € 345 k (prev. year: € 449 k), the total of all non-cash expenses and income of € 5 k (prev. year: € -12 k), the total of interest paid and received of € 43 k (prev. year: € 49 k), the total of taxes paid and received in the amount of € -13 k (prev. year: € -451 k), changes in trade receivables and other assets of € -2,305 k (prev. year: € 2,247 k), and changes in trade payables and other liabilities of € -48 k (prev. year: € 431 k).

Net cash inflow from investing activities stood at € -16 k in the period under review (prev. year: € 8,155 k) and predominantly comprised payments for investments. In the previous year, the cash flow from investing activities included payments for the acquisition of securities amounting to € 497 k and proceeds from the sale of securities in the amount of € 8,692 k.

The change in cash and cash equivalents came to € 886 k in the period under review (prev. year: € 11,494 k).

NET ASSET POSITION

Liquid funds amounted to € 26,499 k (September 30, 2016: € 24,356 k) as of the balance sheet date. They consist solely of cash and cash equivalents.

The balance sheet total increased by € 4,383 k to € 47,386 k as of the end of the first quarter (September 30, 2016: € 43,003 k), which was primarily due to the increase in receivables and liquidity. The equity ratio increased to 79 % (September 30, 2016: 77 %). Equity covered 235 % of fixed assets (September 30, 2016: 204 %), and fixed assets amounted to 50 % of current assets (September 30, 2016: 60 %). Fixed assets fell slightly to 34 % compared to total assets (September 30, 2016: 37 %).

The increase in assets is largely attributable to liquidity and receivables. Equity was up 13 % to € 37,320 k (September 30, 2016: € 32,889 k) on the back of net profit for the period. There were no other significant changes in liabilities.

MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no transactions of material significance for the Company after the reporting date.

OPPORTUNITIES AND RISK REPORT

No material changes have occurred with regard to the risk situation of the Company since the beginning of the fiscal year. Therefore, the statements, made in the opportunities and risk report of the annual financial statements for the short fiscal year as of September 30, 2016, remain valid.

OUTLOOK

For fiscal year 2017 (October 1, 2016 until September 30, 2017) a slight increase in sales to between € 16.5 m and € 17.0 m is expected. The Digital Mammography business segment will be the main contributor to sales at more than 75 %. This segment will again exclusively comprise business with our industrial customer, Hologic, in 2017. The expected slight increase in sales will most likely result from a decline in the operating activities in new licenses and maintenance contracts, a sharp increase in development support for Hologic for the development of its own software and a one-off effect from the sale of extensive usage rights for our tool for the development of software prototypes MeVisLab. Earnings before interest and taxes (EBIT) are expected to remain stable at between € 4.5 and € 5.0 m compared to 2016.

As in the previous reporting period, the Executive Board will regularly review its expectations during fiscal year 2017 based on current business developments.

Bremen, February 21, 2017



Marcus Kirchoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

INCOME STATEMENT Q1 2017

for the period October 1 through December 31, 2016

FIGURES IN € k	Notes	Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015
Revenues	1	5,537	4,081
Other operating income		149	326
Cost of material		-199	-272
Staff costs	2	-1,771	-2,041
Other operating expenses	3	-496	-795
Earnings before interest, taxes, depreciation and amortization (EBITDA)		3,220	1,299
Depreciation, amortization and impairment of intangible and tangible assets	4	-345	-449
Earnings before interest and tax (EBIT)		2,875	850
Share of profit of equity-method investments		-74	-167
Interest income		25	38
Interest expenses		0	-18
Other net financial result		1,614	27
Net financial result	5	1,565	-120
Earnings before tax (EBT)		4,440	730
Income tax	6	-13	-29
Deferred taxes		0	3,070
Net profit for the period		4,427	3,771
Earnings per share in €	13		
Basic		2.43	2.07
Diluted		2.40	2.05

STATEMENT OF COMPREHENSIVE INCOME

for the period October 1 through December 31, 2016

FIGURES IN € k	Notes	Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015
Net profit		4,427	3,771
Items that are never recognized as profit or loss			
Actuarial losses from pensions		0	8
Deferred taxes (prev. year impacts of the fiscal unity on deferred tax)		0	-38
		0	-30
Items that have been or could be recognized as profit or loss			
Changes in fair value of available-for-sale financial instruments		0	210
Deferred taxes on the change in fair value		0	-67
		0	143
Other comprehensive income		4,427	113
Total comprehensive income		6,551	3,884

STATEMENT OF FINANCIAL POSITION

as of December 31, 2016

FIGURES IN € k	Notes	Dec. 31, 2016	Sep. 30, 2016
Non-current assets			
Intangible assets		12,416	12,718
Property, plant and equipment		288	316
Equity-method investments	7	1,537	1,611
Trade receivables		1,636	1,454
		15,877	16,099
Current assets			
Trade receivables		4,689	2,203
Other financial assets	8	199	202
Other assets		122	143
Cash and cash equivalents		26,499	24,356
		31,509	26,904
ASSETS		47,386	43,003
Equity capital			
	9		
Subscribed capital		1,820	1,820
Capital reserve		8,223	8,219
Revaluation reserve		300	326
Retained earnings		26,977	22,524
		37,320	32,889
Non-current liabilities			
Provisions		269	269
		269	269
Current liabilities			
Provisions		142	142
Trade payables		362	327
Other financial liabilities	10	5,620	5,743
Deferred income		3,012	3,021
Other liabilities		193	144
Income tax liabilities		468	468
		9,797	9,845
EQUITY AND LIABILITIES		47,386	43,003

STATEMENT OF CASH FLOW

for the period October 1 through December 31, 2016

FIGURES IN € k	Notes	Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015
Earnings before interest and tax (EBIT)		2,875	850
+ Depreciation and amortization and impairments	5	345	449
+/- Increase/decrease in provisions		0	-244
+/- Other non-cash expenses/income		5	-12
+ Interest received		43	74
- Interest paid		0	-5
- Tax paid		-13	-451
+/- Decrease/increase in trade receivables and other assets		-2,305	2,247
-/+ Decrease/increase in trade payables and other liabilities		-48	431
= Cash flow from operating activities		902	3,339
- Purchase of property, plant and equipment		-14	-37
- Purchase of intangible assets (excl. development cost)		-2	-3
- Payments for the acquisition for marketable securities		0	-497
+ Proceeds from sale of marketable securities		0	8,692
= Cash flow from investing activities		-16	8,155
+ Proceeds from sale of treasury stock		0	0
- Payments for profit transfer/dividend		0	0
= Cash flow from financing activities		0	0
Change in cash and cash equivalents		886	11,494
Effect of exchange rates on cash and cash equivalents		1,257	153
+ Cash and cash equivalents at the beginning of the period		24,356	13,974
= Cash and cash equivalents at the end of the period		26,499	25,621

STATEMENT OF CHANGES IN EQUITY

for the period October 1 through December 31, 2016

FIGURES IN € k	Subscribed capital	Capital reserve	Re-valuation reserve	Cumulative change in fair value for sale of available assets	Retained earnings	Total
Balance on Oct. 1, 2015	1,820	8,203	429	-143	24,274	34,583
Net profit	0	0	0	0	3,771	3,771
Other comprehensive income	0	0	0	143	-30	113
Total comprehensive income	0	0	0	143	3,741	3,884
Issue of stock options	0	4	0	0	0	4
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-25	0	25	0
Payout from profit transfer agreement	0	0	0	0	-4,742	-4,742
Balance on Dec. 31, 2015	1,820	8,207	404	0	23,298	33,729
Balance on Oct. 1, 2016	1,820	8,219	326	0	22,524	32,889
Net profit	0	0	0	0	4,427	4,427
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income	0	0	0	0	4,427	4,427
Issue of stock options	0	4	0	0	0	4
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-26	0	26	0
Balance on Dec. 31, 2016	1,820	8,223	300	0	26,977	37,320

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

BASIC INFORMATION

GENERAL DISCLOSURES

MeVis Medical Solutions AG ("MMS AG", "MeVis" or "Company" for short) was incorporated at the end of 1997 and commenced business in 1998. It has its registered office in Bremen/Germany. Its address is Caroline-Herschel-Str. 1, 28359 Bremen. MMS AG is registered in the Commercial Register of the District Court of Bremen (HRB 23791 HB).

Since April 21, 2015 MMS AG belongs to the Varian Group under the leadership of Varian Medical Systems, Inc., Palo Alto, California, USA, via VMS Deutschland Holdings GmbH, Darmstadt. That company prepares consolidated financial statements for the largest number of entities and MMS AG is included in these. The consolidated financial statements are filed with the U.S. Securities and Exchange Commission (SEC) and can be obtained from the head office of the group parent company.

The interim financial report of MeVis was prepared in accordance with the provisions of § 37w of the German Securities Trading Act (WpHG) along with interim financial statements and a management report.

The interim financial statements of MeVis Medical Solutions AG, Bremen as at December 31, 2016 were prepared in accordance with Section 315a (1) of the German Commercial Code (HGB) in line with the rules and regulations in force on the balance sheet date and approved by the European Union of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, this interim report as at December 31, 2016 was prepared in conformity with IAS 34 "Interim Reporting". The notes to the interim financial statements are presented in abridged form in line with the option provided by IAS 34. The interim financial statements and interim management report have neither been audited nor subjected to accounting review.

RECOGNITION AND MEASUREMENT METHODS

The interim financial statements from October 1 to December 31, 2016 use the same recognition and measurement policies as the individual financial statement according to IFRS for the short fiscal year 2016. The interim financial statements as of December 31, 2016 must therefore be read in conjunction with the individual financial statements according to IFRS for the short fiscal year as of September 30, 2016.

EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's interim financial statements as of December 31, 2016 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of September 30, 2016. The same accounting and valuation principles were applied that were used in preparing the individual financial statements according to IFRS for the short fiscal year as at September 30, 2016 and in addition, IAS 34 "Interim reporting" was applied. New announcements of the IASB applicable as at December 31, 2016 had no material impacts on the MeVis financial statements.

SELECTED NOTES ON THE BALANCE SHEET AND INCOME STATEMENT

1. REVENUES

Revenues break down by type as follows:

FIGURES IN € k	Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015
Software and licenses	1,251	1,751
Maintenance (software service contracts)	1,834	1,921
Services	2,447	407
Hardware	5	2
	5,537	4,081

2. STAFF COSTS

The average headcount was 105 (prev. year: 101). This is equivalent to an average of 92 full-time positions (prev. year: 90). The average figures include 9 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 6).

3. OTHER OPERATING EXPENSES

FIGURES IN € k	Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015
Rental/leasing expenses	146	135
Maintenance/repairs	68	36
Travel expenses	64	64
Training costs	31	5
Legal and consulting costs	27	27
External work	24	10
Cost of preparing and auditing financial statements	20	18
Energy costs	16	18
Vehicle costs	15	14
Internet expenses	13	12
Hospitality costs	12	13
Cleaning expenses	11	10
Patent lawsuit expenses	0	300
Others	49	133
	496	795

4. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Oct. 1 - Dec. 31, 2016	Oct. 1 - Dec. 31, 2015
Amortization of industrial property rights and similar rights and customer bases	99	97
Amortization of capitalized development expenses	204	315
Depreciation of property, plant and equipment	42	37
	345	449

5. NET FINANCIAL RESULT

MeVis' net financial result as of December 31, 2016 amounted to € 1,565 k (prev. year: € -120 k). It mainly consisted of the balance of income and expenses from exchange rate differences of € 1,620 k (prev. year: € 92 k) and the result derived from equity-method investments amounting to € -74 k (prev. year: € -167 k).

6. INCOME TAXES

Income tax expenses mainly resulted from withholding tax on capital and in 2015 from the result of deferred tax assets and liabilities resulting from the differences between amounts included in the IFRS financial statements and those included in the tax assessment.

7. EQUITY-METHOD INVESTMENTS

Financial assets concern the equity interest of 51 %, valued in accordance with the equity method, in the MeVis BreastCare GmbH & Co. KG, Bremen, as well as the MeVis BreastCare Verwaltungsgesellschaft mbH, Bremen.

8. CURRENT OTHER FINANCIAL ASSETS

FIGURES IN € k	Dec. 31, 2016	Sep. 30, 2016
Loans granted and receivables	125	116
Eligible expenses	66	66
Other	8	20
	199	202

Loans and receivables amounted to € 125 k (September 30, 2016: € 116 k) against MeVis BreastCare GmbH & Co. KG, Bremen.

9. SHAREHOLDERS' EQUITY

Revaluation reserve

In connection with the acquisition of the 49 % interest in MeVis BreastCare Solutions GmbH & Co. KG (hereafter: "MBS KG") from Siemens AG and the subsequent full consolidation of MBS KG in 2008, the assets and liabilities of MBS KG, which were accrued to MMS AG with the official registration of the merger of MeVis BreastCare Solutions Verwaltungs-GmbH on August 1, 2013, were completely revaluated. Where this increase was attributable to the 51 % interest in MBS KG already held by the Company, the difference was recognized within the revaluation reserve. The amount of € 1,688 k comprises intangible assets of € 2,411 k net of deferred taxes of € 723 k. Amounts equaling the depreciation and amortization recognized on these assets are reclassified as retained earnings on a proportionate basis.

FIGURES IN € k	2016	2015
Status as at Oktober 1	326	429
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-26	-25
Status as at December 31	300	404

10. OTHER FINANCIAL LIABILITIES

Current other financial liabilities

FIGURES IN € k	Dec. 31, 2016	Sep. 30, 2016
Liabilities to affiliated companies	4,157	4,157
Staff liabilities	1,463	1,586
	5,620	5,743

The liabilities to affiliated companies as of September 30, 2016 comprise the transfer of German GAAP (HGB) profit for the short fiscal year 2016 in accordance with the domination and profit and loss transfer agreement with VMS Deutschland Holdings GmbH effective as of October 20, 2015.

Staff liabilities primarily comprise the cost of accrued vacation entitlements, bonuses and the 13th salary.

11. TRANSACTIONS WITH RELATED PARTIES

In the first quarter of 2017, the sale of extensive usage rights for our tool for the development of software prototypes MeVisLab in the amount of € 1,800 k was finalised with the Varian Group.

12. CONTINGENT RECEIVABLES AND CONTINGENT LIABILITIES

In comparison with the contingent receivables and contingent liabilities presented the individual financial statement according to IFRS for the short fiscal year 2016, no changes occurred in the first quarter of the current fiscal year.

13. EARNINGS PER SHARE

Earnings per share equal the profit on continuing activities or profit (after tax) divided by the weighted average number of shares outstanding during the financial year. Earnings per share (fully diluted) are calculated on the assumption that all securities, stock options and stock awards with a potentially dilutionary effect are converted or exercised.

As the criteria for exercising the options have been satisfied as of the balance sheet date, it can be assumed that the options will be exercised by the employees. Accordingly, they are included in the calculation of earnings per share.

The weighted average of shares outstanding is determined by taking account of shares redeemed and reissued subject to a chronological weighting.

	Dec. 31, 2016	Sep. 30, 2016
Net result for the period in € k	4,427	3,771
Weighted average of shares outstanding during the reporting period - basic	1,820,000	1,820,000
Dilution through stock options	21,892	18,856
Weighted average of shares outstanding during the reporting period - diluted	1,841,892	1,838,856
Basic earnings per share in €	2.43	2.07
Diluted earnings per share in €	2.40	2.05

14. SEGMENT INFORMATION

As of December 31, 2016 the activities of the Company were still subdivided into the reportable segments of Digital Mammography and Other Diagnostics.

Segment net profit and loss, which corresponds to earnings before interest and tax (EBIT), constitutes the key benchmark for assessing and controlling the earnings position of a particular segment.

The segments break down as follows:

FIGURES IN € k	Digital Mammography		Other Diagnostics		Total	
	Oct. 1 - Dec. 31		Oct. 1 - Dec. 31		Oct. 1 - Dec. 31	
	2016	2015	2016	2015	2016	2015
Revenues	2,660	3,112	2,877	969	5,537	4,081
Grants	0	0	0	174	0	174
Total segment revenues	2,660	3,112	2,877	1,143	5,537	4,255
Depreciation and amortization	-297	-417	-48	-32	-345	-449
Operating expenses	-654	-1,062	-1,316	-1,251	-1,970	-2,313
Result of operating activities	1,709	1,633	1,513	-140	3,222	1,493
Other operating income	43	0	106	152	149	152
Other operating expenses	-145	-354	-351	-441	-496	-795
Segment net profit/loss	1,607	1,279	1,268	-429	2,875	850

15. POST BALANCE SHEET EVENTS

No material events occurred after the balance sheet date.

Bremen, February 21, 2017



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

RESPONSIBILITY STATEMENT („BILANZEID“)

Responsibility statement according to section 37y of the German Securities Trading Act in conjunction with section 37w (2) no. 3 of the German Securities Trading Act for interim financial reporting:

“To the best of our 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, February 21, 2017

MeVis Medical Solutions AG



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

DISCLAIMER

FORWARD-LOOKING STATEMENT

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

DEVIATIONS FOR TECHNICAL REASONS

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

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

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

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

FINANCE CALENDAR 2017

Date	Event
January 23, 2017	Annual Report 2016 (Short fiscal year)
February 21, 2017	Interim Report for Q1 2017
March 8, 2017	Annual General Meeting, Bremen
May 18, 2017	Interim Report for H1 2017
Aug./Sep. 2017	Small Cap Conference, Frankfurt am Main
August 22, 2017	Interim Report for Q3 2017



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