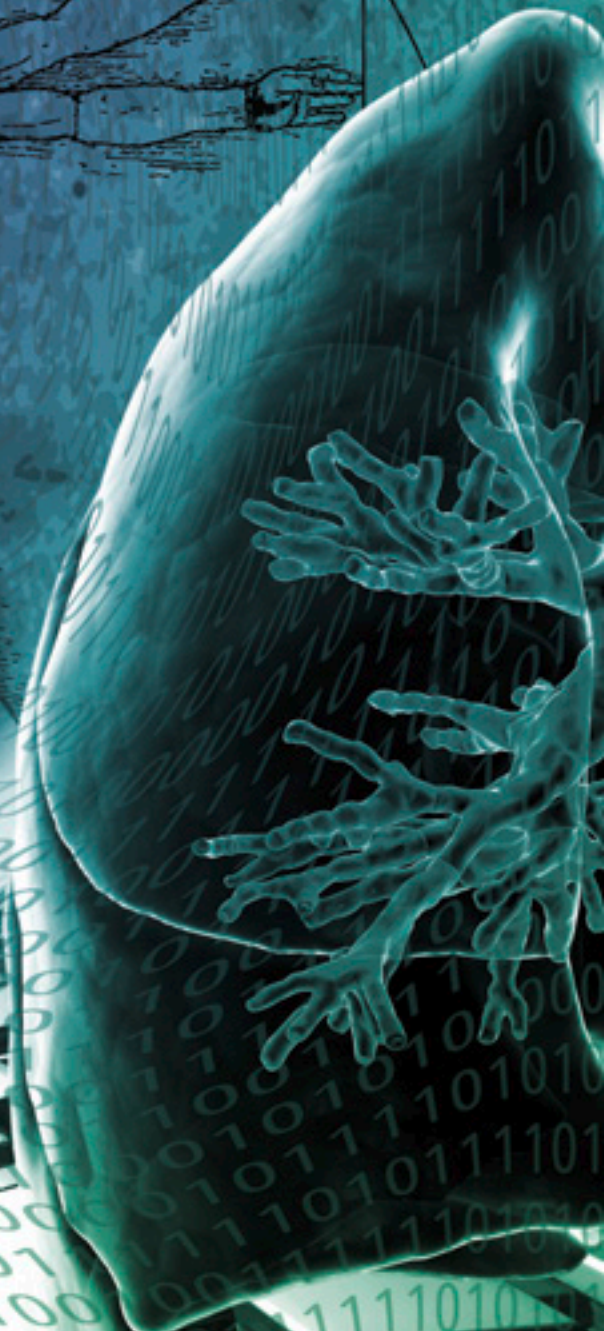


2017 | Q2

Interim Report

MeVis Medical Solutions AG





## KEY FIGURES (IFRS)

FIGURES IN € k		Oct. 1, 2016 – Mar. 31, 2017	Oct. 1, 2015 – Mar. 31, 2016	Change
Revenues		9,756	7,957	23 %
of which segment	Digital Mammography	5,971	6,257	-5 %
	Other Diagnostics	3,785	1,700	123 %
EBITDA		4,287	2,930	46 %
EBITDA margin		44 %	37 %	
EBIT		3,610	2,033	78 %
EBIT margin		37 %	26 %	
Net financial result		1,095	-979	
EBT		4,705	1,054	346 %
Net profit for the period		3,555	4,095	-13 %
Earnings per share in € (basic)		1.95	2.25	-6 %
Earnings per share in € (diluted)		1.95	2.23	-5 %
		Mar. 31, 2017	Sep. 30, 2016	Change
Equity capital		36,450	32,889	11 %
Intangible assets		12,129	12,718	-5 %
Non-current and current liabilities		11,961	10,114	18 %
Balance sheet total		48,411	43,003	13 %
Equity ratio in %		75 %	76 %	
Liquid funds <sup>2</sup>		28,652	24,356	18 %
Employees <sup>3</sup>		92	92	

<sup>1</sup> 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.

<sup>2</sup> Comprising cash, cash equivalents and securities available for sale.

<sup>3</sup> Full-time equivalents as of balance sheet date.

## KEY SHARE DATA

As at March 31, 2017	
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 March 31, 2017	€ 39.22
High/low in fiscal year 2017	€ 41.00 / € 37.30
Market capitalization	€ 71.380 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*

**On the heels of a strong first quarter, the current trends continued in the second quarter. As a result, the first half of the year was characterized on the whole by weaker licensing business, mainly in the Digital Mammography segment, as well as a one-time effect of € 1.8 million from the granting of extensive usage rights for MeVisLab in December 2016. This resulted in high sales of € 9.8 million in the first half of the year, with EBIT of € 3.6 million – a margin of 37 %.**

Our performance in detail: **Sales** generated in the second quarter of 2017 amounted to € 4,219 k, up 9 % compared to the same quarter in the previous year (€ 3,876 k). The development support services provided to Hologic accounted for a substantial share of this increase. As a result, sales rose year on year to € 9,756 k (prev. year: € 7,957 k) in the first half of the year. The increase in revenues in the first half of the year 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 sales of the Other Diagnostics segment. Sales of new licenses fell by 18 % to € 2,848 k, and the maintenance business decreased by 5 %. Sales in the Digital Mammography segment decreased by 5 % to € 5,971 k (prev. year: € 6,257 k), whereas sales in the Other Diagnostics segment increased to € 3,785 k (prev. year: € 1,700 k); without the one-time effect, this corresponds to growth of 17 %.

Operating **costs** increased significantly in the second quarter of 2017, as planned. Personnel expenses saw a substantial 53 % increase on account of the stock options issued in 2013 and exercised in the second quarter of 2017. Cumulated for the first half of the year, this corresponds to a rise of 18 %. At € 527 k (prev. year: € 529 k), other operating expenses remained constant year on year in the second quarter. Cumulated for the first half of the year, other operating expenses fell 22 % year on year.

Driven by the rise in sales, **EBITDA** (earnings before interest, taxes, depreciation and amortization) increased by 46 % year on year, from € 2,930 k to € 4,287 k, despite the higher costs.

Depreciation and amortization came to € 677 k (down 25 % year on year, primarily due to lower scheduled write-downs on capitalized development costs), resulting in **EBIT** (earnings before interest and taxes) of € 3,610 k (up a significant 78 % on the previous year's figure of € 2,033 k) for the reporting period and a corresponding **EBIT margin** of 37 % (prev. year: 26 %).

The **financial result** improved significantly year on year, from € -979 k to € 1,095 k. Effects from the development of the US dollar exchange rate, combined with a high share of liquidity in US dollars, were largely responsible for this.

The **tax result** stood at € -1,150 k. The fiscal unity is interrupted due to the change in the majority shareholder in the current fiscal year. Provisions for corporation income tax and trade tax for the current fiscal year were therefore set aside in the period under review.

After-tax **earnings** consequently fell by € 540 k to € 3,555 k, which is equivalent to undiluted earnings per share of € 1.95 (prev. year: € 2.25).

As of March 31, 2017, **cash and cash equivalents** had risen by € 4,296 k to € 28,652 k compared to the end of the short fiscal year 2016.

We forecast a significant increase in sales to between € 17.0 million and € 17.5 million for fiscal year **2017** (October 1, 2016, to September 30, 2017). The Digital Mammography business segment will remain the main source of sales, contributing over 75 % of total sales. This segment will again exclusively comprise business with our industrial customer Hologic in 2017. Earnings before interest and taxes (EBIT) are expected to rise year on year to between € 5.0 million and € 5.5 million. 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!



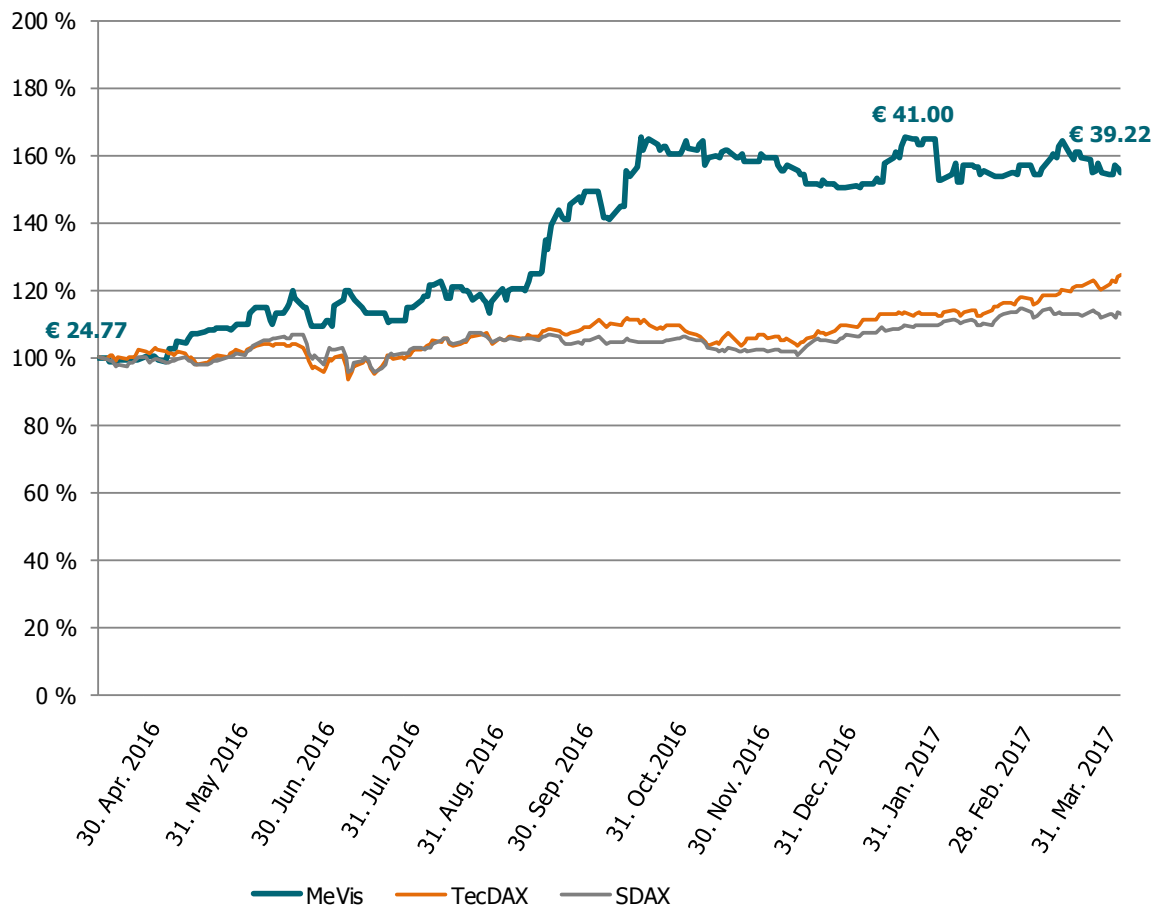
Marcus Kirchoff  
Chairman & CEO



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 second quarter with a share price of € 39.22 (XETRA) compared to € 35.90 on September 30, 2016, the end of the short fiscal year 2016, and € 37.95 at the end of der first quarter. This represents an increase in the value of MeVis shares at the end of the second quarter of the current fiscal year of more than 9 % 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 %, remaining largely stable since October 2016. Market capitalization was around € 71.38 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 748, 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

	<b>6 M</b>	<b>3 M</b>	<b>9 M</b>
	<b>Mar. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Sep. 30, 2016</b>
Closing price in €	39.22	37.95	35.90
Period high in €	41.00	41.00	37.00
Period low in €	37.30	37.30	24.00
Market capitalization in million € (XETRA ultimo)	71.4	69.1	65.3
Number of shares	1,820,000	1,820,000	1,820,000
Price-to-earnings ratio (XETRA ultimo)	10.06	3.90	14.32
Earnings per share in € (basic)	1.95	2.43	1.88
Earnings per share in € (diluted)	1.95	2.40	1.86

### DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

In the first half of 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.

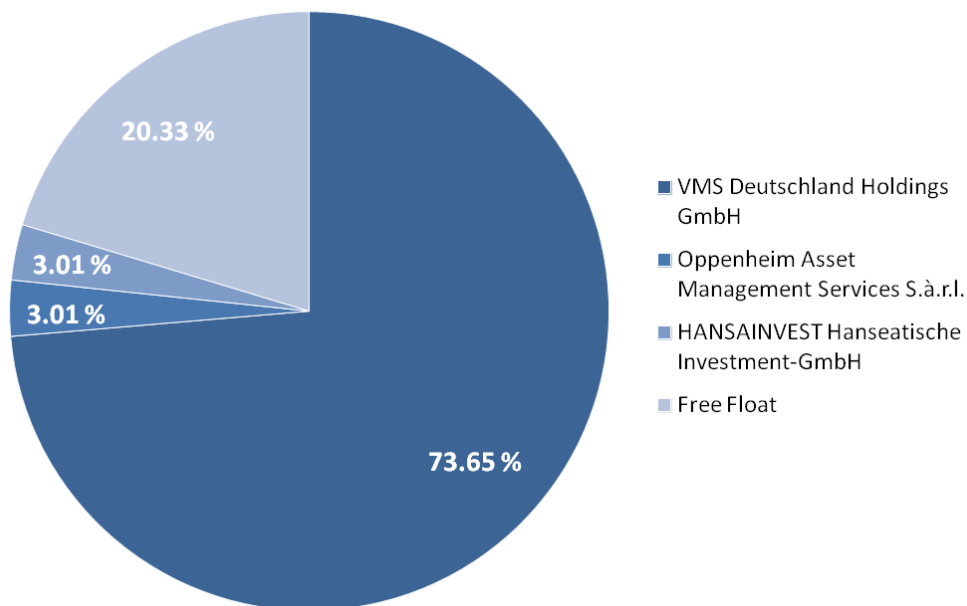


Fig.: Shareholder structure as at March 31, 2017  
(In accordance with the shareholder notifications received by us.)

# INTERIM MANAGEMENT REPORT Q2/2017

## PREAMBLE

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

## 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").

MMS AG has belonged to the Varian Group under the leadership of Varian Medical Systems, Inc., Palo Alto, California, USA, via VMS Deutschland Holdings GmbH, Darmstadt since April 21, 2015. 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. This was entered in the Commercial Register on October 20, 2015.

With the spin-off agreement dated December 28, 2016, the transfer of MMS AG shares from VMS Deutschland Holdings GmbH to Varex Imaging Deutschland AG was resolved with economic effect as of December 30, 2016. Object of the spin-off agreement is also the domination and profit and loss transfer agreement between MMS AG and VMS Deutschland Holdings GmbH. Varex Imaging Deutschland AG is managed by Varex Imaging Corporation, Salt Lake City Utah, USA, which has emerged as a spin-off from Varian Medical Systems, Inc., Palo Alto, California, USA. The spin-off becomes legally effective upon entry into the commercial register.

### 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 tomosynthesis 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 of € 4,219 k in the second quarter of fiscal year 2017 were up approximately 9 % on the level of the previous year (€ 3,876 k). In the second quarter, new license business declined by 6 % to € 1,597 k (prev. year: € 1,701 k) and maintenance business fell by 5 % to € 1,796 k (prev. year: € 1,889 k) compared to the same period last year. The service business, especially development services for Hologic, increased sharply from € 282 k in the previous year's period to € 825 k.

Revenues stood at € 9,756 k in the first half of the year (prev. year: € 7,957 k), of which € 5,971 k was attributable to the Digital Mammography segment (prev. year: € 6,257 k) and € 3,785 k to Other Diagnostics (€ 1,700 k). At 61 % (prev. year: 79 %), the Digital Mammography segment continues to be the main source of revenues in the Company.

The 18 % increase in staff costs to € 4,530 k (prev. year: € 3,849 k) is largely due to the stock options issued in 2013 that were recognized in profit or loss in the second quarter. MMS AG had 106 employees on average in the first half of 2017. This corresponds to 92 full-time equivalents (prev. year: 99 employees or 88 full-time equivalents).

Other operating expenses were considerably lower than the previous year and totaled € 1,023 k (prev. year: € 1,324 k), which is largely attributable to the provision for lawsuit costs of € 300 k formed in 2015 which no longer appear in the current financial accounts. This amount mainly comprised rental/leasing expenses of € 279 k (prev. year: € 277 k), maintenance/repair costs of € 100 k (prev. year: € 63 k), travel expenses of € 129 k (prev. year: € 104 k) and legal and consulting costs of € 105 k (prev. year: € 117 k).

EBITDA (earnings before interest, taxes, depreciation and amortization) totaled € 4,287 k in the period under review (prev. year: € 2,930 k). Accordingly, the EBITDA margin increased sharply to 44 % (prev. year: 37 %).

As expected, depreciation, amortization and impairments of intangible assets and property, plant and equipment declined by 25 % to € 677 k (prev. year: € 897 k), while amortization of development services fell by € 221 k to € 408 k (prev. year: € 629 k).

Earnings before interest and taxes (EBIT) amounted to € 3,610 k in the reporting period (prev. year: € 2,033 k), with the EBIT margin increasing considerably from 26 % in the previous year to 37 %.

The financial result increased in the reporting period to € 1,095 k (prev. year: € -979 k). In comparison to the previous year, there were significant changes in the balance of income and expenses from exchange rate differences of € 1,180 k (prev. year: € -701 k) and the result of the 51 % share in MeVis BreastCare GmbH & Co. KG of € -135 k (prev. year: € -232 k), which is recognized at equity.

Earnings before taxes (EBT) came to € 4,705 k in the reporting period (prev. year: € 1,054 k). Accordingly, the EBT margin increased significantly to 48 % compared to 13 % in the previous year.

The tax result stood at € -1,150 k (prev. year: income of € 3,041 k due to release of deferred taxes). The fiscal unity was interrupted due to the change in majority shareholder in the current fiscal year. Provisions for corporation income tax and trade tax were therefore set aside for the current fiscal year during the period under review.

Net profit after taxes stood at € 3,555 k (prev. year: € 4,095 k).

Undiluted earnings per share fell to € 1.95 (prev. year: € 2.25).

## **FINANCIAL POSITION**

Cash flow from current operating activities came to € 3,364 k (prev. year: € 4,702 k) in the period under review. This comprised earnings before interest and taxes (EBIT) of € 3,610 k (prev. year: € 2,033 k), adjusted for depreciation in the amount of € 677 k (prev. year: € 897 k), the total of other non-cash expenses and income of € 7 k (prev. year: € 614 k), the total of interest paid and received of € 79 k (prev. year: € 74 k), the total of taxes paid and received in the amount of € -23 k (prev. year: € -451 k), changes in trade receivables and other assets of € -1,706 k (prev. year: € 1,335 k), and changes in trade payables and other liabilities of € 720 k (prev. year: € 661 k).

Net cash inflow from investing activities stood at € -70 k in the period under review (prev. year: € 8,117 k) and predominantly comprised payments for investments. In the previous year, cash flow from investing activities included payments for the acquisition of securities of € 497 k and proceeds from the sale of securities in the amount of € 8,692 k.

The liquidity-relevant change in cash and cash equivalents in the period under review amounted to € 3,294 k (prev. year: € 12,819 k).

## **NET ASSET POSITION**

Liquid funds amounted to € 28,652 k (September 30, 2016: € 24,356 k) as of the balance sheet date. They consist solely of cash and cash equivalents.

Total assets increased by € 5,408 k to € 48,411 k as of the end of the second quarter (September 30, 2016: € 43,003 k) which is largely attributable to the rise in receivables and liquidity. The equity ratio dropped slightly to 75 % (September 30, 2016: 76 %). Equity covered 235 % of fixed assets (September 30 2016: 204 %), and fixed assets amounted to 47 % of current assets (September 30, 2016: 60 %). Fixed assets fell to 32 % of total assets (September 30, 2016: 37 %).

The increase in assets is largely due to liquidity and receivables. Equity was up 11 % to € 36,450 k (September 30, 2016: € 32,889 k) on the back of net profit for the period. Income tax liabilities likewise increased to € 1,595 k (September 30, 2016: € 468 k). 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

We forecast a significant increase in sales to between € 17.0 million and € 17.5 million for fiscal year 2017 (October 1, 2016 to September 30, 2017). The Digital Mammography business segment will remain the main source of sales, contributing over 75 % of total sales. This segment will again exclusively comprise business with our industrial customer, Hologic, in 2017. The expected strong 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 MeVisLab. Earnings before interest and taxes (EBIT) are expected to increase to between € 5.0 and € 5.5 million 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, May 18, 2017



Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## INCOME STATEMENT H1 2017

for the period October 1, 2016 through March 31, 2017

FIGURES IN € k	Notes	Oct. 1, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
<b>Revenues</b>	1	<b>9,756</b>	<b>7,957</b>
Other operating income		440	522
Cost of material		-356	-376
Staff costs	2	-4,530	-3,849
Other operating expenses	3	-1,023	-1,324
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>4,287</b>	<b>2,930</b>
Depreciation, amortization and impairment of intangible and tangible assets	4	-677	-897
<b>Earnings before interest and tax (EBIT)</b>		<b>3,610</b>	<b>2,033</b>
Share of profit of equity-method investments		-135	-232
Interest income		60	38
Interest expenses		0	-18
Other net financial result		1,170	-767
<b>Net financial result</b>	5	<b>1,035</b>	<b>-979</b>
<b>Earnings before tax (EBT)</b>		<b>4,705</b>	<b>1,054</b>
Income tax	6	-1,150	-29
Deferred tax		0	3,070
<b>Net profit for the period</b>		<b>3,555</b>	<b>4,095</b>
<b>Earnings per share in €</b>	13		
Basic		1.95	2.25
Diluted		1.95	2.23

## STATEMENT OF COMPREHENSIVE INCOME

for the period October 1, 2016 through March 31, 2017

FIGURES IN € k	Notes	Oct. 1, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
<b>Net profit for the period</b>		<b>3,555</b>	<b>4,095</b>
<b>Items that are never recognized as profit or loss</b>			
Actuarial losses from pensions		0	8
Deferred taxes (prev. year impacts of the fiscal unity on deferred tax)		0	-38
		<b>0</b>	<b>30</b>
<b>Items that have been or could be recognized as profit or loss</b>			
Changes in fair value of available-for-sale financial instruments		0	210
Deferred taxes on the change in fair value		0	-67
		<b>0</b>	<b>143</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>113</b>
<b>Total comprehensive income</b>		<b>3,555</b>	<b>4,208</b>



## INCOME STATEMENT Q2 2017

for the period January 1 through March 31, 2017

FIGURES IN € k	Notes	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
<b>Revenues</b>	1	<b>4,219</b>	<b>3,876</b>
Other operating income		291	196
Cost of material		-157	-104
Staff costs	2	-2,759	-1,808
Other operating expenses	3	-527	-529
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>1,067</b>	<b>1,631</b>
Depreciation, amortization and impairment of intangible and tangible assets	4	-332	-448
<b>Earnings before interest and tax (EBIT)</b>		<b>735</b>	<b>1,183</b>
Share of profit of equity-method investments		-61	-65
Interest income		35	0
Interest expenses		0	0
Other net financial result		-444	-794
<b>Net financial result</b>	5	<b>-470</b>	<b>-859</b>
<b>Earnings before tax (EBT)</b>		<b>265</b>	<b>324</b>
Income tax	6	-1,137	0
Deferred tax		0	0
<b>Net loss/profit for the period</b>		<b>-872</b>	<b>324</b>
<b>Earnings per share in €</b>	13		
Basic		-0.48	0.18
Diluted		-0.45	0.18

## STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through March 31, 2017

FIGURES IN € k	Notes	Jan. 1 - Mar. 31, 2017	Jan. 1 - Mar. 31, 2016
<b>Net loss/profit for the period</b>		<b>-872</b>	<b>324</b>
<b>Items that are never recognized as profit or loss</b>			
Actuarial losses from pensions		0	0
Deferred taxes (prev. year impacts of the fiscal unity on deferred tax)		0	0
		<b>0</b>	<b>0</b>
<b>Items that have been or could be recognized as profit or loss</b>			
Changes in fair value of available-for-sale financial instruments		0	0
Deferred taxes on the change in fair value		0	0
		<b>0</b>	<b>0</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>		<b>-872</b>	<b>324</b>

## STATEMENT OF FINANCIAL POSITION

as of March 31, 2017

<b>FIGURES IN € k</b>	<b>Notes</b>	<b>Mar. 31, 2017</b>	<b>Sep. 30, 2016</b>
<b>Non-current assets</b>			
Intangible assets		12,129	12,718
Property, plant and equipment		297	316
Equity-method investments	7	1,476	1,611
Trade receivables		1,633	1,454
		<b>15,535</b>	<b>16,099</b>
<b>Current assets</b>			
Trade receivables		3,930	2,203
Other financial assets	8	231	202
Other assets		63	143
Cash and cash equivalents		28,652	24,356
		<b>32,876</b>	<b>26,904</b>
<b>ASSETS</b>		<b>48,411</b>	<b>43,003</b>
<b>Equity capital</b>			
	9		
Subscribed capital		1,820	1,820
Capital reserve		8,225	8,219
Revaluation reserve		279	326
Retained earnings		26,126	22,524
		<b>36,450</b>	<b>32,889</b>
<b>Non-current liabilities</b>			
Provisions		269	269
		<b>269</b>	<b>269</b>
<b>Current liabilities</b>			
Provisions		142	142
Trade payables		318	327
Other financial liabilities	10	6,431	5,743
Deferred income		3,052	3,021
Other liabilities		154	144
Income tax liabilities		1,595	468
		<b>11,692</b>	<b>9,845</b>
<b>EQUITY AND LIABILITIES</b>		<b>48,411</b>	<b>43,003</b>

## STATEMENT OF CASH FLOW

for the period October 1, 2016 through March 31, 2017

FIGURES IN € k	Notes	Oct. 1, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
<b>Earnings before interest and tax (EBIT)</b>		<b>3,610</b>	<b>2,033</b>
+ Depreciation and amortization and impairments	5	677	897
+/- Increase/decrease in provisions		0	-456
+/- Other non-cash expenses/income		7	614
+ Interest received		79	74
- Interest paid		0	-5
- Tax paid		-23	-451
+/- Decrease/increase in trade receivables and other assets		-1,706	1,335
-/+ Decrease/increase in trade payables and other liabilities		720	661
<b>= Cash flow from operating activities</b>		<b>3,364</b>	<b>4,702</b>
- Purchase of property, plant and equipment		-65	-65
- Purchase of intangible assets (excl. development cost)		-5	-13
- Payments for the acquisition for marketable securities		0	-497
+ Proceeds from sale of marketable securities		0	8,692
<b>= Cash flow from investing activities</b>		<b>-70</b>	<b>8,117</b>
+ Proceeds from sale of treasury stock		0	0
- Payments for profit transfer/dividend		0	0
<b>= Cash flow from financing activities</b>		<b>0</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>		<b>3,294</b>	<b>12,819</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>1,002</b>	<b>-467</b>
+ <b>Cash and cash equivalents at the beginning of the period</b>		<b>24,356</b>	<b>13,974</b>
<b>= Cash and cash equivalents at the end of the period</b>		<b>28,652</b>	<b>26,326</b>

## STATEMENT OF CHANGES IN EQUITY

for the period October 1, 2016 through March 31, 2017

FIGURES IN € k	Subscribed capital	Capital reserve	Re-valuation reserve	Cumulative change in fair value for sale of available assets	Retained earnings	Total
<b>Balance on Oct. 1, 2015</b>	<b>1,820</b>	<b>8,203</b>	<b>429</b>	<b>-143</b>	<b>24,274</b>	<b>34,583</b>
Net profit	0	0	0	0	4,095	4,095
Other comprehensive income	0	0	0	143	-30	113
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143</b>	<b>4,065</b>	<b>4,208</b>
Issue of stock options	0	8	0	0	0	8
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-51	0	51	0
Payout from profit transfer agreement	0	0	0	0	-4,742	-4,742
<b>Balance on Mar. 31, 2016</b>	<b>1,820</b>	<b>8,211</b>	<b>378</b>	<b>0</b>	<b>23,648</b>	<b>34,057</b>
<b>Balance on Oct. 1, 2016</b>	<b>1,820</b>	<b>8,219</b>	<b>326</b>	<b>0</b>	<b>22,524</b>	<b>32,889</b>
Net profit	0	0	0	0	3,555	3,555
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,427</b>	<b>4,427</b>
Issue of stock options	0	6	0	0	0	6
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-47	0	47	0
<b>Balance on Mar. 31, 2017</b>	<b>1,820</b>	<b>8,225</b>	<b>279</b>	<b>0</b>	<b>26,126</b>	<b>36,450</b>



# NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2017

## 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 Bremen Local Court (HRB 23791 HB).

So far, MMS AG has been included, via VMS Deutschland Holdings GmbH, Darmstadt, Germany, in the consolidated financial statements of the Varian Group, under the leadership of Varian Medical Systems, Inc., Palo Alto, California. However, with the spin-off agreement dated December 28, 2016, the transfer of MMS AG shares from VMS Deutschland Holdings GmbH to Varex Imaging Deutschland AG was resolved with economic effect as of December 30, 2016. The spin-off becomes legally effective upon entry into the commercial register. Varex Imaging Deutschland AG is managed by Varex Imaging Corporation, Salt Lake City Utah, USA. Varex Imaging Corporation prepares the consolidated financial statements for the largest and smallest group of entities and MMS AG is included in these. The consolidated financial statements are filed with the U.S. Securities and Exchange Commission (SEC) and can be obtained from the head office of the group parent company.

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 March 31, 2017 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 March 31, 2017 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, 2016 to March 31, 2017 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 March 31, 2017 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 March 31, 2017 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 March 31, 2017 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, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
Software and licenses	2,848	3,452
Maintenance (software service contracts)	3,630	3,810
Services	3,272	689
Hardware	6	6
	<b>9,756</b>	<b>7,957</b>

### 2. STAFF COSTS

The average headcount was 106 (prev. year: 99). This is equivalent to an average of 92 full-time positions (prev. year: 88). The average figures include 8 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 6).

### 3. OTHER OPERATING EXPENSES

FIGURES IN € k	Oct. 1, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
Rental/leasing expenses	279	277
Travel expenses	129	104
Legal and consulting costs	105	117
Maintenance/repairs	100	63
Training costs	50	15
Cost of preparing and auditing financial statements	42	41
Energy costs	36	36
Vehicle costs	33	31
Internet expenses	32	24
External work	25	33
Hospitality costs	21	22
Office supplies	20	17
Cleaning expenses	19	17
Patent lawsuit expenses	0	300
Others	132	227
	<b>1,023</b>	<b>1,324</b>

### 4. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Oct. 1, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
Amortization of industrial property rights and similar rights and customer bases	185	193
Amortization of capitalized development expenses	408	629
Depreciation of property, plant and equipment	84	75
	<b>677</b>	<b>897</b>

## 5. NET FINANCIAL RESULT

MeVis' net financial result as of March 31, 2017 amounted to € 1,095 k (prev. year: € -979 k). It mainly consisted of the balance of income and expenses from exchange rate differences of € 1,180 k (prev. year: € -701 k) and the result derived from equity-method investments amounting to € -135 k (prev. year: € -232 k).

## 6. INCOME TAXES

Income tax expenses mainly resulted from corporate income tax, commercial tax, 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	Mar. 31, 2017	Sep. 30, 2016
Loans granted and receivables	163	116
Eligible expenses	66	66
Other	2	20
	<b>231</b>	<b>202</b>

Loans and receivables amounted to € 163 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	Oct. 1, 2016 - Mar. 31, 2017	Oct. 1, 2015 - Mar. 31, 2016
<b>Status as at October 1</b>	<b>326</b>	<b>429</b>
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-47	-51
<b>Status as at March 31</b>	<b>279</b>	<b>378</b>

## 10. OTHER FINANCIAL LIABILITIES

### Current other financial liabilities

FIGURES IN € k	Mar. 31, 2017	Sep. 30, 2016
Liabilities to affiliated companies	4,157	4,157
Staff liabilities	2,274	1,586
	<b>6,431</b>	<b>5,743</b>

The liabilities to affiliated companies as of March 31, 2017 comprise the transfer of German GAAP (HGB) profit for the short fiscal year 2016.

Staff liabilities primarily comprise the cost of the stock options paid out in April 2017, 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 finalized 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 half 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.

	Mar. 31, 2017	Mar. 31, 2016
Net result for the period in € k	3,555	4,095
Weighted average of shares outstanding during the reporting period - basic	1,820,000	1,820,000
Dilution through stock options	1,172	19,764
Weighted average of shares outstanding during the reporting period - diluted	1,841,172	1,839,764
Basic earnings per share in €	<b>1.95</b>	<b>2.25</b>
Diluted earnings per share in €	<b>1.95</b>	<b>2.23</b>



## 14. SEGMENT INFORMATION

As of March 31, 2017 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 - Mar. 31		Oct. 1 - Mar. 31		Oct. 1 - Mar. 31	
	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016
<b>Revenues</b>	<b>5,970</b>	<b>6,257</b>	<b>3,876</b>	<b>1,700</b>	<b>9,756</b>	<b>7,957</b>
Grants	0	0	0	239	0	239
<b>Total segment revenues</b>	<b>5,970</b>	<b>6,257</b>	<b>3,876</b>	<b>1,939</b>	<b>9,756</b>	<b>8,196</b>
Depreciation and amortization	-587	-846	-90	-51	-677	-897
Operating expenses	-1,555	-1,953	-3,331	-2,272	-4,886	-4,225
<b>Result of operating activities</b>	<b>3,828</b>	<b>3,458</b>	<b>365</b>	<b>-384</b>	<b>4,193</b>	<b>3,074</b>
Other operating income	143	64	297	219	440	283
Other operating expenses	-339	-605	-684	-719	-1,023	-1,324
<b>Segment net profit/loss</b>	<b>3,632</b>	<b>2,917</b>	<b>-22</b>	<b>-884</b>	<b>3,610</b>	<b>2,033</b>

## 15. POST BALANCE SHEET EVENTS

No material events occurred after the balance sheet date.

Bremen, May 18, 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, May 18, 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

<b>Date</b>	<b>Event</b>
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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