

Q2 | 2017/2018  
**Interim Report**  
MeVis Medical Solutions AG



**MeVis**

## KEY FIGURES (IFRS)

FIGURES IN € k		Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017	Change
Revenues		8,233	9,756	-16 %
of which segment <sup>1</sup>	Digital Mammography	5,710	5,971	-4 %
	Other Diagnostics	2,523	3,785	-33 %
EBITDA		3,618	4,287	-16 %
EBITDA margin		44 %	44 %	
EBIT		3,136	3,610	-13 %
EBIT margin		38 %	37 %	
Net financial result		-768	1,095	
EBT		2,368	4,705	-50 %
Net profit for the period		2,366	3,555	-33 %
Earnings per share in € (basic)		1,30	1,95	-33 %
Earnings per share in € (diluted)		1,30	1,95	-33 %
		Mar. 31, 2018	Sep. 30, 2017	Change
Equity capital		34,877	32,511	5 %
Intangible assets		11,437	11,722	-1 %
Non-current and current liabilities		6,981	16,568	-27 %
Balance sheet total		41,858	49,079	-6 %
Equity ratio in %		83 %	66 %	
Liquid funds <sup>2</sup>		6,624	29,735	-65 %
Employees <sup>3</sup>		97	94	

<sup>1</sup> Excluding intersegment revenues.

<sup>2</sup> Cash

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

## KEY SHARE DATA

As at March 31, 2018	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on September 29, 2017	€ 39.11
Last quotation on March 29, 2018	€ 37.80
High/low in fiscal year 2017/2018	€ 40.60 / € 36.40
Market capitalization	€ 69.796 m
Treasury stock	0 (0 %)
Free float	17.8 %
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

# CONTENT

<b>KEY FIGURES (IFRS)</b> .....	<b>1</b>
<b>LETTER TO THE SHAREHOLDERS</b> .....	<b>3</b>
<b>THE MEVIS SHARE</b> .....	<b>5</b>
<b>INTERIM MANAGEMENT REPORT Q2 2017/2018</b> .....	<b>7</b>
Preamble.....	7
Basics of the company .....	7
Structure.....	7
Short summary of business activities .....	7
Reporting segments .....	8
Economic report.....	8
Earnings position.....	8
Financial position .....	9
Net asset position.....	9
Material events occurring after the balance sheet date.....	9
Opportunities and risk report.....	9
Outlook.....	10
<b>INCOME STATEMENT H1 2017/2018</b> .....	<b>11</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>11</b>
<b>INCOME STATEMENT Q2 2017/2018</b> .....	<b>12</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>12</b>
<b>STATEMENT OF FINANCIAL POSITION</b> .....	<b>13</b>
<b>STATEMENT OF CASH FLOW</b> .....	<b>14</b>
<b>STATEMENT OF CHANGES IN EQUITY</b> .....	<b>15</b>
<b>NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2018</b> .....	<b>16</b>
Basic information.....	16
General disclosures .....	16
Recognition and measurement methods.....	16
Effects of new accounting standards.....	16
Selected notes on the balance sheet and income statement .....	17
1. Revenues.....	17
2. Staff costs .....	17
3. Other operating expenses.....	17
4. Depreciation and amortization .....	17
5. Net financial result .....	18
6. Income taxes.....	18
7. Equity-method investments.....	18
8. Current other financial assets .....	18
9. Shareholders' equity.....	18
10. Other financial liabilities .....	19
11. Transactions with related parties .....	19
12. Contingent receivables and contingent liabilities.....	19
13. Earnings per share.....	19
14. Segment information.....	19
15. Post balance sheet events .....	20
<b>DISCLAIMER</b> .....	<b>21</b>
<b>FINANCE CALENDAR 2018</b> .....	<b>22</b>



## LETTER TO THE SHAREHOLDERS



from left: Marcus Kirchhoff, Dr. Robert Hannemann

*Dear Shareholders, Customers,  
Business Associates and Employees*

**Following the very strong fiscal year 2016/2017, sales declined as expected in the second quarter of the current fiscal year. However, lower costs enabled the EBIT margin to be maintained at a very attractive level of 38 %. Fortunately, the first revenues from a joint project with Varex Imaging were realized in the past quarter, which will be continued in the coming months. The administrative integration into our US parent company is progressing further; the integration of IT, finance and HR systems should be completed by the end of the fiscal year.**

Our performance in detail: **Sales** in the second quarter of fiscal year 2017/2018 came to € 3,950 k, about 6 % below the previous year (€ 4,219 k). Licensing business declined by 10 % in the second quarter to € 1,438 k (prev. year: € 1,597 k), and maintenance business fell by 5 % to € 1,712 k (prev. year: € 1,796 k). The service business slightly decreased from € 825 k in the previous-year period to € 799 k. Revenues thus amounted to € 8,233 k in the first half of the year (prev. year: € 9,756 k), of which € 5,710 k was attributable to the Digital Mammography segment (prev. year: € 5,971 k) and € 2,523 k to Other Diagnostics (prev. year: € 3,785 k). In the previous year, the revenues in the Other Diagnostics segment also included the one-off revenues of € 1,800 k from the sale of MeVisLab usage rights. At 69 % (prev. year: 75 %, without one-off revenue from sale of usage rights), the Digital Mammography segment continues to be the main source of revenues at the Company.

Operating **costs** fell slightly in the first half of the year. Personnel expenses fell by 12 % to € 3,985 k (prev. year: € 4,530 k). Other operating expenses were down year on year and totalled € 950 k (prev. year: € 1,023 k).

EBITDA (earnings before financial result, taxes, depreciation and amortization) totalled € 3,618 k in the period under review (prev. year: € 4,287 k). Accordingly, the EBITDA margin was stable at 44 %.

As expected, depreciation, amortization and impairments of intangible assets and property, plant and equipment fell by 29 % to € 482 k (prev. year: € 677 k), while amortization of development services declined by € 204 k to € 204 k (prev. year: € 408 k). Thus, the **EBIT** (earnings before financial result and taxes) amounted to € 3,136 k in the reporting period (prev. year: € 3,610 k). The EBIT margin increased slightly to 38 % compared to a previous year value of 37 %.

The **financial result** declined significantly in the period under review to € -768 k (prev. year: € 1,095 k). In comparison to the previous year, there were significant changes in the balance of income and expenses from exchange rate differences of € -1,280 k (prev. year: € 1,180 k), as well as in the earnings of the 51 % share in MeVis BreastCare GmbH & Co. KG of € 444 k (prev. year: € -135 k), which is recognized at equity.

Earnings before taxes (EBT) came to € 2,368 k in the reporting period (prev. year: € 4,705 k). Accordingly, the EBT margin decreased significantly to 29 % compared to the previous year's value of 48 %. The **tax result** came to € -2 k (prev. year: € -1,150 k).

**Net profit** after taxes therefore amounted to € 2,366 k (prev. year: € 3,555 k), corresponding with undiluted earnings per share of € 1.30 (prev. year: € 1.95).


**Liquid funds** decreased by € -23,111 k to € 6,624 k as of March 31, 2018 compared to the end of fiscal year 2016/2017, mainly due to the profit transfer for fiscal years 2016 and 2016/2017 and the granting of a loan to Varex Imaging Deutschland AG.

For **fiscal year 2017/2018**, a significant decline in revenues to between € 14.5 million and € 15.0 million is expected. In addition to the non-recurring effect of € 1.8 million reported in Q1 2017 from the sale of MeVisLab usage rights, a declining business expectation of the Digital Mammography segment is contributing to this development, although this segment will still be the main generator of sales. Earnings before financial result and taxes (EBIT) should also decline significantly to between € 3.0 million and € 3.5 million as a result of the expected sales development. As in the previous reporting period, the Executive Board will regularly review its expectations during fiscal year 2017/2018 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!



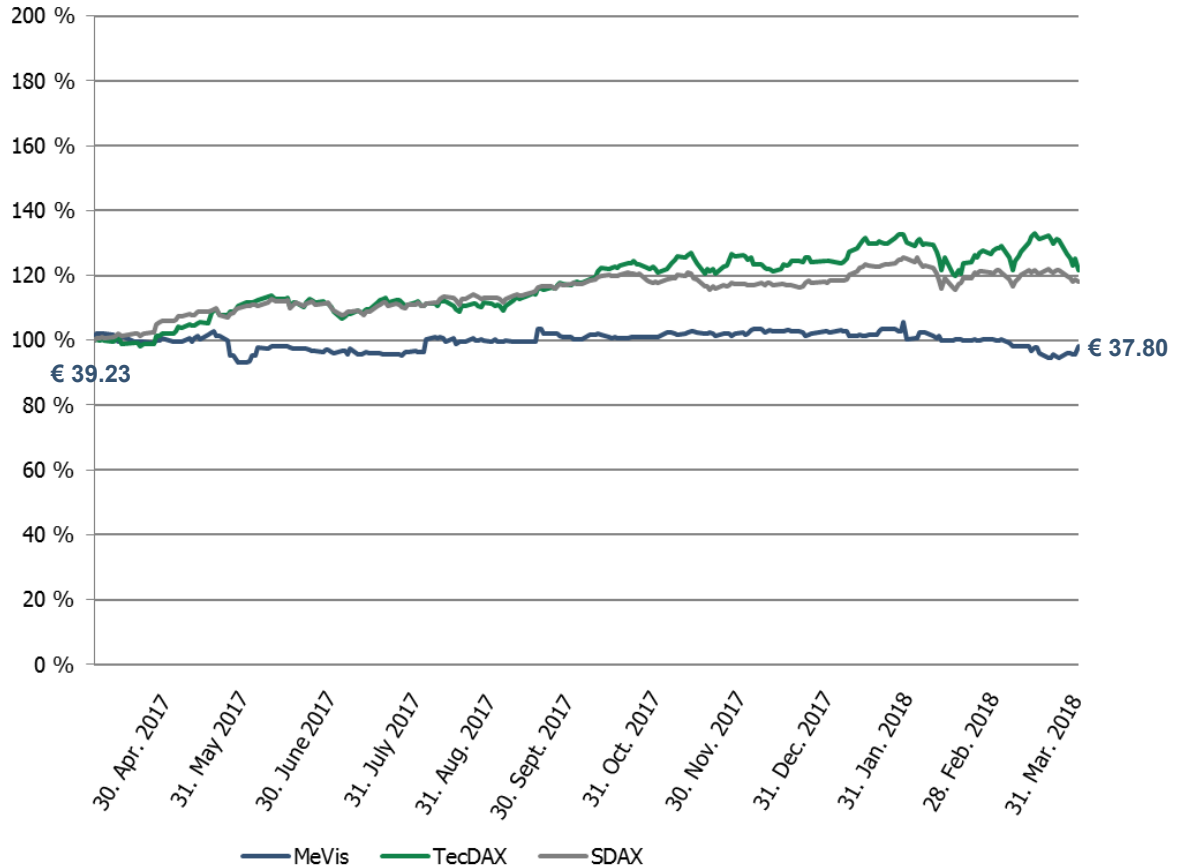
Marcus Kirchhoff  
Chairman & CEO



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 € 40.60 and the lowest price was € 36.40. MeVis Medical Solutions AG finished the second quarter with a share price of € 37.80 (XETRA) compared to € 39.11 on September 30, 2017 and € 39.22 at the end of the second quarter of the same period last year. As a result, the value of the MeVis share at the end of the second quarter of the current fiscal year fell by just over 3 % compared to the closing price at the end of fiscal 2016/2017. Over the last twelve months, the MeVis share has developed negatively by -4 %. Taking into account 1,820,000 shares in circulation, market capitalization at the end of the period was € 68.80 million. The number of registered deposit accounts at the end of the period, at 636, was slightly reduced compared with December 31, 2017 (658).

## KEY INDICATORS OF THE MEVIS SHARE

	6 M Mar. 31, 2018	3 M Dec. 31, 2017	12 M Sept. 30, 2017
Closing price in €	37.80	39.62	39.11
Period high in €	40.60	39.83	41.00
Period low in €	36.40	38.75	35.90
Market capitalization in million € (XETRA ultimo)	68.8	72.1	71.2
Number of shares	1,820,000	1,820,000	1,820,000
Price-to-earnings ratio (XETRA ultimo)	14.54	11.65	12.66
Earnings per share in € (basic)	1.30	0.85	3.09
Earnings per share in € (diluted)	1.30	0.85	3.09

## DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

At the end of the reporting period Varex Imaging Deutschland AG, an indirect subsidiary of the Varex Imaging Corporation, Salt Lake City, Utah, USA, held 73.65 % of the share capital of MeVis Medical Solutions AG. Other institutional shareholders include HANSAINVEST Hanseatische Investment-GmbH, which holds approximately 5.51 % of the share capital in MeVis Medical Solutions AG, and Hauck & Aufhaeuser Fund Services S.A., which holds approximately 3.01 %, according to shareholder notifications that we have received. As a result, around 17.83 % of shares are currently in free float.

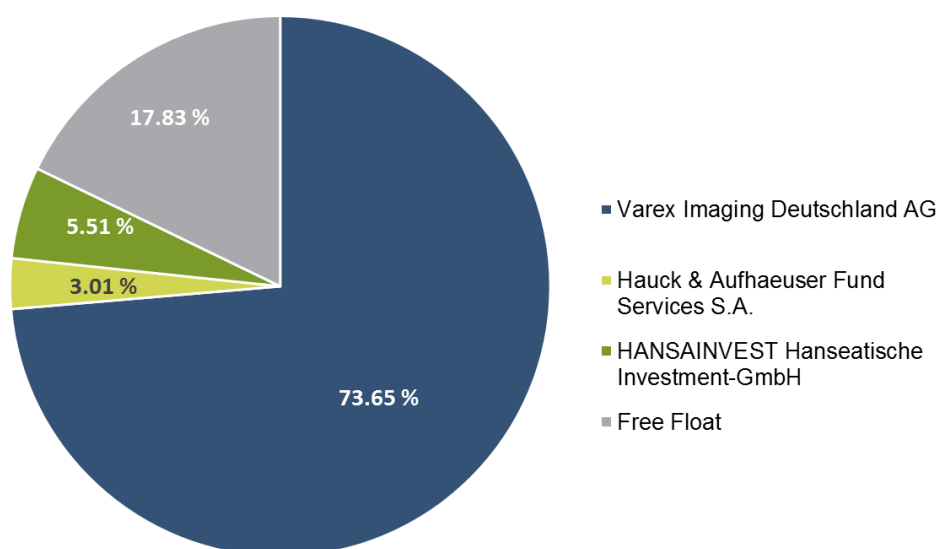


Fig.: Shareholder structure as at March 31, 2018  
(In accordance with the shareholder notifications received by us.)

# INTERIM MANAGEMENT REPORT Q2 2017/2018

## 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.

## 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 October 12, 2017, MMS AG has been part of the Varex Group under the leadership of Varex Imaging Corporation, Salt Lake City, Utah, USA, through Varex Imaging Deutschland AG, Willich. Varex Imaging Deutschland AG holds 73.65% of the total share capital of MMS AG. Varex Imaging Deutschland AG and MMS AG have a domination and profit and loss transfer agreement which obliges Varex Imaging Deutschland AG to pay an annual cash payment ("compensation payment") to the outside shareholders for each full fiscal year for the duration of this agreement. This amounts to € 1.13 (gross) or € 0.95 (net) per share for each full fiscal year.

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.

### SHORT SUMMARY OF BUSINESS ACTIVITIES

MMS AG and its affiliate MBC KG (hereinafter also collectively: "MeVis" or the "Companies") develop innovative software for analyzing and evaluating image data and marketing it to equipment manufacturers of medical devices and providers of medical IT platforms.

Clinical focuses are image-based early detection and diagnosis of epidemiologically important diseases such as breast, lung, liver and 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 software applications for global medical industry leaders, meeting their needs and helping them to strengthen their technological leadership positions.

Besides the sale of software licenses, maintenance contracts and services in the field of software development for medical technology companies, MeVis also offers services to clinical end customers. These include three-dimensional technical visualizations ("MeVis Distant Services"), interactive online training options to improve the diagnostic capabilities of clinicians and special online applications in teleradiology ("MeVis Online Services").



## 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 sold to the medical technology company Hologic.

In addition to the breast diagnostics business based on magnetic resonance imaging conducted with the customer 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 MeVis Online Services, e.g. interactive online trainings ("MeVis Online Academy") to improve the diagnostic capabilities of clinical end customers.

## ECONOMIC REPORT

### EARNINGS POSITION

Sales in the second quarter of fiscal year 2017/2018 came to € 3,950 k, about 6 % below the previous year (€ 4,219 k). Licensing business declined by 10 % in the second quarter to € 1,438 k (prev. year: € 1,597 k), and maintenance business fell by 5 % to € 1,712 k (prev. year: € 1,796 k). The service business slightly decreased from € 825 k in the previous-year period to € 799 k.

Revenues thus amounted to € 8,233 k in the first half of the year (prev. year: € 9,756 k), of which € 5,710 k was attributable to the Digital Mammography segment (prev. year: € 5,971 k) and € 2,523 k to Other Diagnostics (prev. year: € 3,785 k). In the previous year, the revenues in the Other Diagnostics segment also included the one-off revenues of € 1,800 k from the sale of MeVisLab usage rights. At 69 % (prev. year: 75 %, without one-off revenue from sale of usage rights), the Digital Mammography segment continues to be the main source of revenues at the Company.

Personnel expenses fell by 12 % to € 3,985 k (prev. year: € 4,530 k). MMS AG had 105 employees on average in the first half of the fiscal year 2017/2018. This corresponds to 95 full-time equivalents (prev. year: 106 employees or 93 full-time equivalents).

Other operating expenses were down year on year and totalled € 950 k (prev. year: € 1,023 k). These expenses mainly comprised rental/leasing expenses of € 283 k (prev. year: € 279 k), travel expenses of € 103 k (prev. year: € 129 k), legal and consulting costs of € 94 k (prev. year: € 105 k), and vehicle costs of € 62 k (prev. year: € 33 k).

EBITDA (earnings before financial result, taxes, depreciation and amortization) totalled € 3,618 k in the period under review (prev. year: € 4,287 k). Accordingly, the EBITDA margin was stable at 44 %.

As expected, depreciation, amortization and impairments of intangible assets and property, plant and equipment fell by 29 % to € 482 k (prev. year: € 677 k), while amortization of development services declined by € 204 k to € 204 k (prev. year: € 408 k).

Earnings before financial result and taxes (EBIT) amounted to € 3,136 k in the reporting period (prev. year: € 3,610 k). The EBIT margin increased slightly to 38 % compared to a previous year value of 37 %.

The financial result declined significantly in the period under review to € -768 k (prev. year: € 1,095 k). In comparison to the previous year, there were significant changes in the balance of income and expenses from exchange rate differences of € -1,280 k (prev. year: € 1,180 k), as well as in the earnings of the 51 % share in MeVis BreastCare GmbH & Co. KG of € 444 k (prev. year: € -135 k), which is recognized at equity.

Earnings before taxes (EBT) came to € 2,368 k in the reporting period (prev. year: € 4,705 k). Accordingly, the EBT margin decreased significantly to 29 % compared to the previous year's value of 48 %. The tax result came to € -2 k (prev. year: € -1,150 k).

Net profit after taxes therefore amounted to € 2,366 k (prev. year: € 3,555 k).

Undiluted earnings per share fell to € 1.30 (prev. year: € 1.95).

## **FINANCIAL POSITION**

Cash flow from current operating activities came to € 3,469 k (prev. year: € 3,364 k) in the period under review. This comprises earnings before financial result and taxes (EBIT) of € 3,136 k (prev. year: € 3,610 k), adjusted for depreciation in the amount of € 482 k (prev. year: € 677 k), the total of interest paid and received in the amount of € 4 k (prev. year: € 79 k), the total of taxes paid and received in the amount of € -71 k (prev. year: € -23 k), changes in trade receivables and other assets in the amount of € 68 k (prev. year: € -1,706 k), and changes in trade payables and other liabilities in the amount of € -150 k (prev. year: € 720 k).

Net cash inflow from investing activities stood at € -164 k in the period under review (prev. year: € -70 k) and predominantly comprised payments for investments.

Cash flow from financing activities amounted to € -25,379 k, as profits of the fiscal years 2016 and 2016/2017 of € 9,368 k were paid out and a loan of € 16,011 k was granted to Varex Imaging Deutschland AG.

The liquidity-relevant change in cash and cash equivalents came to € -22,074 k in the period under review (prev. year: € 3,294 k).

## **NET ASSET POSITION**

Liquid funds amounted to € 6,624 k (September 30, 2017: € 29,735 k) as of the balance sheet date. They consist solely of cash.

Total assets decreased by € -7,221 k to € 41,858 k as of the end of the first half (September 30, 2017: € 49,079 k). The equity ratio increased to 83 % (September 30, 2017: 66 %). Equity covered 221 % of fixed assets (September 30, 2017: 208 %), and fixed assets amounted to 61 % of current assets (September 30, 2017: 47 %). Fixed assets in relation to total assets increased to 38 % (September 30, 2017: 32 %).

The decrease in assets is largely due to the trend in liquidity. As a result of the net income for the period, the equity capital increased by 7 % to € 34,877 k (September 30, 2017: € 32,511 k) and current liabilities fell to € 6,680 k (September 30, 2017: € 16,267 k) as a result of the payment of the profit transfer for fiscal year 2016 and fiscal year 2016/2017. 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 fiscal year as of September 30, 2017, remain valid.

## OUTLOOK

For fiscal year 2017/2018, a significant decline in revenues to between € 14.5 million and € 15.0 million is expected. In addition to the non-recurring effect of € 1.8 million reported in Q1 2017 from the sale of MeVisLab usage rights, a declining business expectation of the Digital Mammography segment is contributing to this development, although this segment will still be the main generator of sales. Earnings before financial result and taxes (EBIT) should also decline significantly to between € 3.0 million and € 3.5 million as a result of the expected sales development.

As in the previous reporting period, the Executive Board will regularly review its expectations during fiscal year 2017/2018 based on current business developments.

Bremen, May 15, 2018



Marcus Kirchhoff  
Chairman & CEO



Dr. Robert Hannemann  
Member of the Executive Board

## INCOME STATEMENT H1 2017/2018

for the period October 1, 2017 through March 31, 2018

FIGURES IN € k	Notes	Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
<b>Revenues</b>	1	<b>8,233</b>	<b>9,756</b>
Other operating income		518	440
Cost of material		-198	-356
Staff costs	2	-3,985	-4,530
Other operating expenses	3	-950	-1,023
<b>Earnings before financial result, taxes, depreciation and amortization (EBITDA)</b>		<b>3,618</b>	<b>4,287</b>
Depreciation, amortization and impairment of intangible and tangible assets	4	-482	-677
<b>Earnings before financial result and tax (EBIT)</b>		<b>3,136</b>	<b>3,610</b>
Share of profit of equity-method investments		444	-135
Interest income		77	60
Other net financial result		-1,289	1,170
<b>Net financial result</b>	5	<b>-768</b>	<b>1,035</b>
<b>Earnings before tax (EBT)</b>		<b>2,368</b>	<b>4,705</b>
Income tax	6	-2	-1,150
<b>Net loss/profit for the period</b>		<b>2,366</b>	<b>3,555</b>
<b>Earnings per share in €</b>	13		
Basic		1.30	1,95
Diluted		1.30	1,95

## STATEMENT OF COMPREHENSIVE INCOME

for the period October 1, 2017 through March 31, 2018

FIGURES IN € k	Notes	Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
<b>Net loss/profit for the period</b>		<b>2,366</b>	<b>3,555</b>
Items that are never recognized as profit or loss		0	0
Items that have been or could be recognized as profit or loss		0	0
Other comprehensive income		0	0
<b>Total comprehensive income</b>		<b>2,366</b>	<b>3,555</b>

## INCOME STATEMENT Q2 2017/2018

for the period January 1 through March 31, 2018

FIGURES IN € k	Notes	Jan. 1, 2018 - Mar. 31, 2018	Jan. 1, 2017 - Mar. 31, 2017
<b>Revenues</b>	1	<b>3,950</b>	<b>4,219</b>
Other operating income		263	291
Cost of material		-124	-157
Staff costs	2	-2,162	-2,759
Other operating expenses	3	-509	-527
<b>Earnings before financial result, taxes, depreciation and amortization (EBITDA)</b>		<b>1,418</b>	<b>1,067</b>
Depreciation, amortization and impairment of intangible and tangible assets	4	-236	-332
<b>Earnings before financial result and tax (EBIT)</b>		<b>1,182</b>	<b>735</b>
Share of profit of equity-method investments		439	-61
Interest income		38	35
Other net financial result		-839	-444
<b>Net financial result</b>	5	<b>-362</b>	<b>-470</b>
<b>Earnings before tax (EBT)</b>		<b>820</b>	<b>265</b>
Income tax	6	-1	-1,137
<b>Net loss/profit for the period</b>		<b>819</b>	<b>-872</b>
<b>Earnings per share in €</b>	13		
Basic		0.45	-0.48
Diluted		0.45	-0.45

## STATEMENT OF COMPREHENSIVE INCOME

for the period January 1 through March 31, 2018

FIGURES IN € k	Notes	Jan. 1, 2018 - Mar. 31, 2018	Jan. 1, 2017 - Mar. 31, 2017
<b>Net loss/profit for the period</b>		<b>819</b>	<b>-872</b>
Items that are never recognized as profit or loss		0	0
Items that have been or could be recognized as profit or loss		0	0
Other comprehensive income		0	0
<b>Total comprehensive income</b>		<b>819</b>	<b>-872</b>



# STATEMENT OF FINANCIAL POSITION

as of March 31, 2018

FIGURES IN € k	Notes	Mar. 31, 2018	Sep. 30, 2017
<b>Non-current assets</b>			
Intangible assets		11,437	11,722
Property, plant and equipment		283	316
Joint venture/Equity investments	7	2,435	1,991
Trade receivables		1,636	1,636
		<b>15,791</b>	<b>15,665</b>
<b>Current assets</b>			
Trade receivables		3,555	3,362
Other financial assets	8	15,753	150
Other assets		135	167
Cash		6,624	29,735
		<b>26,067</b>	<b>33,414</b>
<b>ASSETS</b>		<b>41,858</b>	<b>49,079</b>
<b>Equity capital</b>	9		
Subscribed capital		1,820	1,820
Capital reserve		7,475	7,475
Revaluation reserve		181	226
Retained earnings		25,401	22,990
		<b>34,877</b>	<b>32,511</b>
<b>Non-current liabilities</b>			
Provisions		301	301
		<b>301</b>	<b>301</b>
<b>Current liabilities</b>			
Provisions		138	138
Trade payables		361	279
Other financial liabilities	10	1,757	11,393
Deferred income		2,793	3,029
Other liabilities		476	204
Income tax liabilities		1,155	1,224
		<b>6,680</b>	<b>16,267</b>
<b>EQUITY AND LIABILITIES</b>		<b>41,858</b>	<b>49,079</b>

# STATEMENT OF CASH FLOW

for the period October 1, 2017 through March 31, 2018

FIGURES IN € k	Notes	Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
<b>Earnings before financial result and tax (EBIT)</b>		<b>3,136</b>	<b>3,610</b>
+ Depreciation and amortization and impairments	5	482	677
+/- Other non-cash expenses/income		0	7
+ Interest received		4	79
- Tax paid		-71	-23
+/- Decrease/increase in trade receivables and other assets		68	-1,706
-/+ Decrease/increase in trade payables and other liabilities		-150	720
<b>= Cash flow from operating activities</b>		<b>3,469</b>	<b>3,364</b>
- Purchase of property, plant and equipment		-67	-65
- Purchase of intangible assets (excl. development cost)		-97	-5
<b>= Cash flow from investing activities</b>		<b>-164</b>	<b>-70</b>
- Payments to shareholders (profit transfer)		-9,368	0
- Granting of loans		-16,011	0
<b>= Cash flow from financing activities</b>		<b>-25,379</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>		<b>-22,074</b>	<b>3,294</b>
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>-1,037</b>	<b>1,002</b>
<b>+ Cash at the beginning of the period</b>		<b>29,735</b>	<b>24,356</b>
<b>= Cash at the end of the period</b>		<b>6,624</b>	<b>28,652</b>

## STATEMENT OF CHANGES IN EQUITY

for the period October 1, 2017 through March 31, 2018

FIGURES IN € k	Subscribed capital	Capital reserve	Re-valuation reserve	Retained earnings	Total
<b>Balance on Oct. 1, 2016</b>	<b>1,820</b>	<b>8,219</b>	<b>326</b>	<b>22,524</b>	<b>32,889</b>
Net profit	0	0	0	3,555	3,555
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,555</b>	<b>3,555</b>
Issue of stock options	0	4	0	0	6
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-47	47	0
<b>Balance on Mar. 31, 2017</b>	<b>1,820</b>	<b>8,225</b>	<b>279</b>	<b>26,126</b>	<b>36,450</b>
<b>Balance on Oct. 1, 2017</b>	<b>1,820</b>	<b>7,475</b>	<b>226</b>	<b>22,990</b>	<b>32,511</b>
Net profit	0	0	0	2,366	2,366
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,366</b>	<b>2,366</b>
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-45	45	0
<b>Balance on Mar. 31, 2018</b>	<b>1,820</b>	<b>7,475</b>	<b>181</b>	<b>25,401</b>	<b>34,877</b>

# NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2018

## 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 October 12, 2017, MMS AG has been part of the Varex Group under the leadership of Varex Imaging Corporation, Salt Lake City, Utah, USA, through Varex Imaging Deutschland AG, Willich. Varex Imaging Deutschland AG holds 73.65% of the total share capital of MMS AG. Varex Imaging Deutschland AG and MMS AG have a domination and profit and loss transfer agreement which obliges Varex Imaging Deutschland AG to pay an annual cash payment ("compensation payment") to the outside shareholders for each full fiscal year for the duration of this agreement. This amounts to € 1.13 (gross) or € 0.95 (net) per share for each full fiscal year.

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 statements of MeVis Medical Solutions AG, Bremen as at March 31, 2018 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, 2018 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, 2017 to March 31, 2018 use the same recognition and measurement policies as the individual financial statement according to IFRS for the fiscal year 2016/2017. The interim financial statements as of March 31, 2018 must therefore be read in conjunction with the individual financial statements according to IFRS for the fiscal year as of September 30, 2017.

### EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG's interim financial statements as of March 31, 2018 including the previous year's figures have been prepared in accordance with IFRS as endorsed by the European Union as of September 30, 2017. The same accounting and valuation principles were applied that were used in preparing the individual financial statements according to IFRS for the fiscal year as at September 30, 2017 and in addition, IAS 34 "Interim reporting" was applied. New announcements of the IASB applicable as at March 31, 2018 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, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
Maintenance (software service contracts)	3,475	3,630
Software and licenses	2,524	2,848
Services (consulting and trainings)	2,233	3,272
Hardware	1	6
	<b>8,233</b>	<b>9,756</b>

### 2. STAFF COSTS

The average headcount was 105 (prev. year: 106). This is equivalent to an average of 95 full-time positions (prev. year: 92). The average figures include 3 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 8).

### 3. OTHER OPERATING EXPENSES

FIGURES IN € k	Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
Rental/leasing expenses	283	279
Travel expenses	103	129
Legal and consulting costs	94	105
Vehicle costs	62	33
Maintenance/repairs	54	100
Cost of preparing and auditing financial statements	51	42
Energy costs	34	36
Office supplies	33	20
Internet expenses	30	32
Training costs	29	50
Hospitality costs	22	21
Others	155	176
	<b>950</b>	<b>1,023</b>

### 4. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
Amortization of industrial property rights and similar rights and customer bases	177	185
Amortization of capitalized development expenses	204	408
Depreciation of property, plant and equipment	101	84
	<b>482</b>	<b>677</b>



## 5. NET FINANCIAL RESULT

The net financial result as of March 31, 2018 amounted to € -768 k (prev. year: € 1,095 k). It mainly consisted of the balance of income and expenses from exchange rate differences of € -1,280 k (prev. year: € 1,180 k), the result derived from equity-method investments amounting to € 444 k (prev. year: € -135 k) and interest income € 77 k (prev. year: € 60 k).

## 6. INCOME TAXES

Income tax expenses mainly resulted from withholding tax on capital.

## 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, 2018	Sep. 30, 2017
Loans granted	15,623	0
Other receivables	128	148
Other	2	2
	<b>15,753</b>	<b>150</b>

The loan of US\$ 19.2 million granted to Varex Imaging Deutschland AG is in place since October 16, 2017 and bears interest at 1 % p. a.

Other receivables amounted to € 128 k (September 30, 2017: € 148 k) against MeVis BreastCare GmbH & Co. KG, Bremen.

## 9. SHAREHOLDERS' EQUITY

### Revaluation reserve

The assets and liabilities of MBS KG had to be completely revalued in connection with the acquisition of the 49 % interest in MBS KG from Siemens AG and the subsequent full consolidation of MBS KG in 2008. To the extent that this increase in value was attributable to the 51 % interest in MBS KG already held by the Company, the difference had to be allocated to the revaluation reserve. The amount of € 1,688 k allocated comprised intangible assets of € 2,411 k less deferred taxes of € 723 k thereon. Amounts corresponding with the amortization recognized on these assets are transferred proportionately to retained earnings. With the merger of MBS KG into MMS AG in the fiscal year 2013, the values from the revaluation reserve were also transferred into the individual IFRS financial statements.

FIGURES IN € k	Oct. 1, 2017 - Mar. 31, 2018	Oct. 1, 2016 - Mar. 31, 2017
<b>Status as at October 1</b>	<b>226</b>	<b>326</b>
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-45	-47
<b>Status as at March 31</b>	<b>181</b>	<b>279</b>

## 10. OTHER FINANCIAL LIABILITIES

### Current other financial liabilities

FIGURES IN € k	Dec. 31, 2017	Sep. 30, 2017
Staff liabilities	1,757	2,025
Liabilities to affiliated companies	0	9,368
	<b>1,757</b>	<b>11,393</b>

Staff liabilities primarily comprise the costs for accrued vacation entitlements, bonuses and the 13th salary.

## 11. TRANSACTIONS WITH RELATED PARTIES

On October 16, 2017, MMS AG concluded a loan agreement with Varex Imaging Deutschland AG under which MMS AG granted Varex Imaging Deutschland AG a loan in the amount of US\$ 19.2 million, which bears interest at 1 % p. a..

## 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 fiscal year 2016/2017, 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.

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

As of the balance sheet date, there were no more outstanding stock options.

	Mar. 31, 2018	Mar. 31, 2017
Net result for the period in € k	2,366	3,555
Weighted average of shares outstanding during the reporting period - basic	1,820,000	1,820,000
Dilution through stock options	0	1,172
Weighted average of shares outstanding during the reporting period - diluted	1,820,000	1,841,172
Basic earnings per share in €	<b>1.30</b>	<b>1.95</b>
Diluted earnings per share in €	<b>1.30</b>	<b>1.95</b>

## 14. SEGMENT INFORMATION

As of March 31, 2018 the activities of the Company were still subdivided into the reportable segments of Digital Mammography and Other Diagnostics. The management of each of these segments reports directly to the Executive Board of MMS AG in its function as the responsible corporate entity.

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

The segments break down as follows:

	Digital Mammography		Other Diagnostics		Total	
	Oct. 1 - Mar. 31		Oct. 1 - Mar. 31		Oct. 1 - Mar. 31	
FIGURES IN € k	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017	2017/ 2018	2016/ 2017
<b>Segment revenues</b>	<b>5,710</b>	<b>5,970</b>	<b>2,523</b>	<b>3,876</b>	<b>8,233</b>	<b>9,756</b>
Depreciation and amortization	-378	-587	-104	-90	-482	-677
Operating expenses	-1,437	-1,555	-2,746	-3,331	-4,183	-4,886
<b>Result of operating activities</b>	<b>3,895</b>	<b>3,828</b>	<b>-327</b>	<b>365</b>	<b>3,568</b>	<b>4,193</b>
Other operating income	183	143	335	297	518	440
Other operating expenses	-341	-339	-609	-684	-950	-1,023
<b>Segment net profit/loss</b>	<b>3,737</b>	<b>3,632</b>	<b>-601</b>	<b>-22</b>	<b>3,136</b>	<b>3,610</b>

## 15. POST BALANCE SHEET EVENTS

No material events occurred after the balance sheet date.

Bremen, May 15, 2018



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 2018

<b>Date</b>	<b>Event</b>
January 23, 2018	Annual Report 2016/2017
February 20, 2018	Interim Report for Q1 2017/2018
March 14, 2018	Annual General Meeting, Bremen
May 15, 2018	Interim Report for H1 2017/2018
September 3/4, 2018	Fall Conference, Frankfurt am Main
August 21, 2018	Interim Report for Q3 2017/2018



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