

Q2 | 2018/2019
Interim Report
MeVis Medical Solutions AG



MeVis

KEY FIGURES (IFRS)

FIGURES IN € k		Oct. 1, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018	Change
Revenues		8,244	8,233	0 %
of which segment ¹	Digital Mammography	4,622	5,710	-19 %
	Development Services	1,991	767	160 %
	Other Diagnostics	1,631	1,756	-7 %
EBITDA		3,908	3,618	8 %
EBITDA margin		47 %	44 %	
EBIT		3,647	3,136	16 %
EBIT margin		44 %	38 %	
Net financial result		711	-768	
EBT		4,358	2,368	84 %
Net profit for the period		4,358	2,366	84 %
Earnings per share in € (basic)		2.39	1.30	84 %
Earnings per share in € (diluted)		2.39	1.30	84 %
		Mar. 31, 2019	Sep. 30, 2018	Change
Equity capital		36,417	32,059	14 %
Intangible assets		10,948	11,117	-2 %
Non-current and current liabilities		3,513	6,360	-45 %
Balance sheet total		39,930	38,419	4 %
Equity ratio in %		91 %	83 %	
Liquid funds ²		1,918	3,477	-45 %
Employees ³		87	93	-6 %

¹ Excluding intersegment revenues.

² Cash

³ Full-time equivalents as of balance sheet date.

KEY SHARE DATA

As at March 31, 2019	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on September 29, 2017	€ 34.40
Last quotation on March 29, 2018	€ 31.20
High/low in fiscal year 2017/2018	€ 36.40 / € 30.60
Market capitalization	€ 56.784 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

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LETTER FROM THE CEO

Dear Readers

Our revenues and costs remained largely stable in the first half of the year as well. At € 4,033 k, revenues generated in the second quarter were approximately 2% up on the previous year and only slightly down on the first quarter. As a result, revenues for the first half of the year amounted to € 8,244 k, resulting in a still very attractive EBIT margin of 44 %. Earnings after taxes amounted to € 4,358 k, which corresponds to undiluted earnings per share of € 2.39.



The change in our business structure has continued: We have been able to compensate for the expected decline in revenues from business with our customer Hologic in the Digital Mammography segment by corresponding growth in the area of Development Services. But with a share of 56 %, the Digital Mammography segment continues to be the main source of revenues for MeVis. Although the mammography business has developed somewhat more positively than expected, we still have to make some efforts to further reduce our dependency in this segment.

We are very satisfied in the area of Development Services, especially with the development and good cooperation in joint projects with Varian Medical Systems and Varex Imaging Corporation. We are also encouraged by the fact that there is currently a trend in Europe towards lung CT screening, which could have a positive effect on our products for lung cancer screening in the future and which we expect to make a name for in the near future, particularly in the UK. I would also like to emphasize our focus and investments to expand our competence in the area of artificial intelligence (AI), in particular the expansion of the AI portfolio in the successful area of thoracic CT diagnostics to include the development of innovative technologies and markets in the area of imaging components and general and digital radiography.

Based on the current business development in the first six months of the current fiscal year, I expect that the financial and asset position will continue to develop within this range and confirm the outlook and forecast for the 2018/2019 fiscal year. A slight decline in revenues to € 16.0 million to € 16.5 million is expected, with earnings before financial result and taxes (EBIT) expected to decline significantly to € 1.5 million to € 2.0 million. This includes a probable impairment of goodwill for the Hologic (digital mammography) business in the amount of € 4.5 million. As in the past reporting period, we will regularly review our expectations in the course of the 2018/2019 fiscal year on the basis of current business developments.

At the end of the first half-year, there was also a change in the Executive Board: Dr. Robert Hannemann, who has been the company's Chief Financial Officer since October 2010, resigned from the Executive Board at his own request. For this reason, I also assumed responsibility for the areas of Finance, HR and IT since the beginning of the new half-year. I would like to take this opportunity to thank Dr. Hannemann once again for his good and constructive cooperation over the past few years.

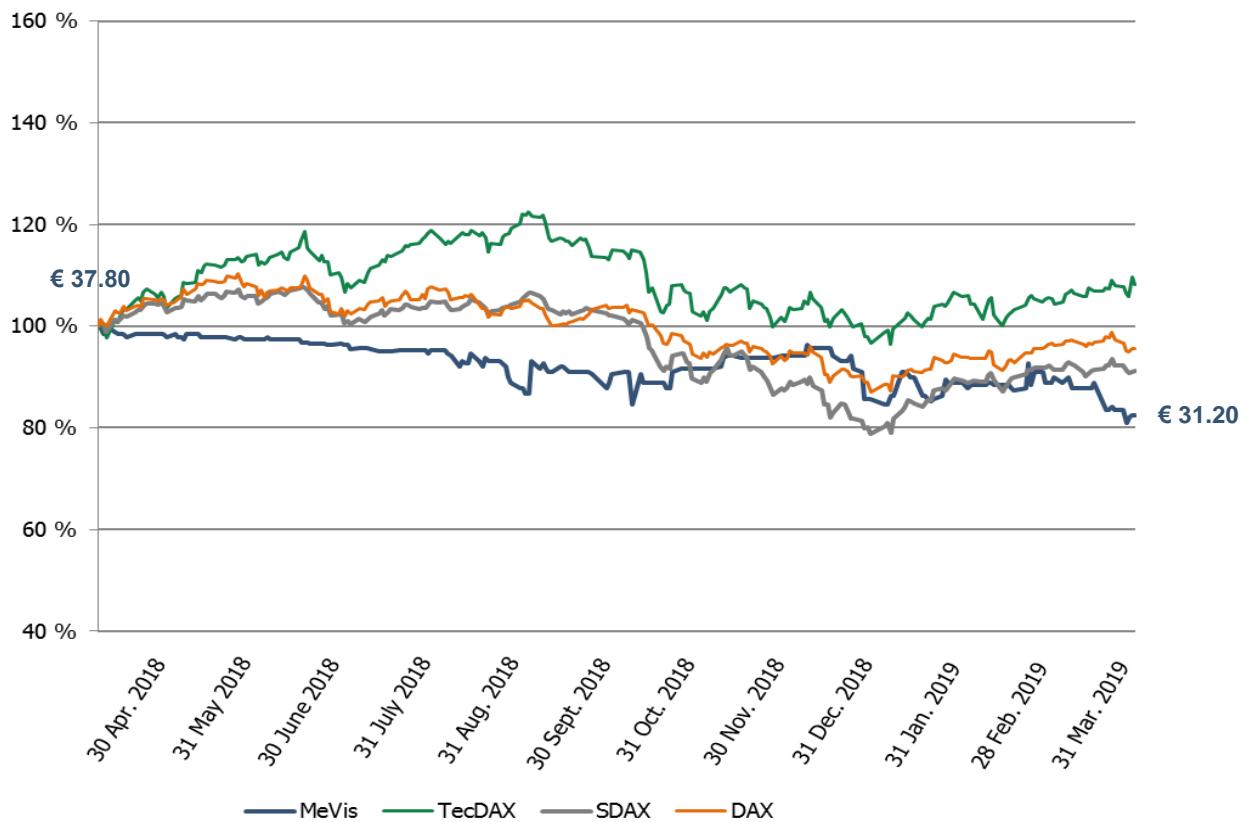
I would also like to thank all our employees for their extraordinary commitment and our business partners, customers and shareholders for their trust!

A handwritten signature in black ink, appearing to read "Marcus Kirchhoff".

Marcus Kirchhoff
Vorstand

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 € 36.40 and the lowest price was € 30.60. MeVis Medical Solutions AG finished the second quarter with a share price of € 31.20 (XETRA) compared to € 34.40 at the end of September 2018 and € 37.80 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 9 % compared with the closing price at the end of the 2017/2018 fiscal year. Over the last twelve months, the MeVis share has developed negatively at -17 %. Taking into account 1,820,000 outstanding shares, the market capitalisation at the end of the period was € 56.78 million. The number of registered deposit accounts at the end of the period, at 582, did not change significantly compared with December 31, 2018 (587).

KEY INDICATORS OF THE MEVIS SHARE

	6 M 31.03.2019	3 M 31.12.2018	12 M 30.09.2018
Closing price in €	31.20	32.00	34.40
Period high in €	36.40	36.40	40.60
Period low in €	30.60	32.00	32.80
Market capitalization in million € (XETRA ultimo)	56.8	58.2	62.6
Number of shares	1,820,000	1,820,000	1,820,000
Price-to-earnings ratio (XETRA ultimo)	6.53	5.52	8.73
Earnings per share in € (diluted/basic)	2.39	1.45	3.94

DEVELOPMENT OF THE SHAREHOLDER STRUCTURE

At the end of the reporting period, 73.65 % of the total share capital of MeVis Medical Solutions AG was held by Varex Imaging Deutschland AG, an indirect subsidiary of Varex Imaging Corporation, Salt Lake City, Utah, USA. According to the shareholder notifications we received, other institutional shareholders are HANSAINVEST Hanseatische Investment-GmbH with approx. 5.51 % and Hauck & Aufhaeuser Fund Services S.A. (Hauck & Aufhaeuser acquired Oppenheim Asset Management Services S.à r.l. at the end of 2017) with approx. 3.01 % of the total share capital of MeVis Medical Solutions AG. This means that around 17.83 % of the shares are currently in free float.

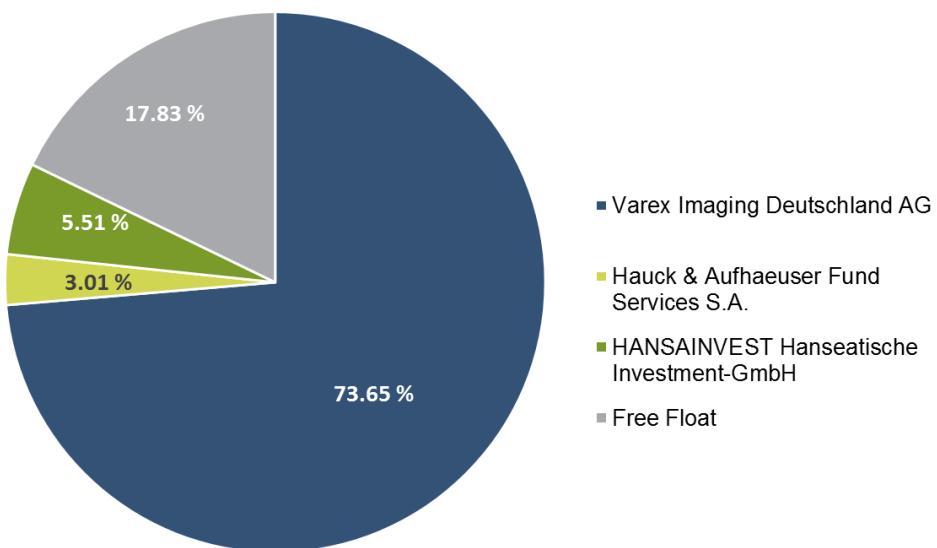


Fig.: Shareholder structure as at March 31, 2019
(In accordance with the shareholder notifications received by us.)

VMS Deutschland Holdings GmbH took over the majority shareholding 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 went into legal effect. 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 object of the spin-off agreement is also the domination and profit-and-loss transfer agreement between MMS AG and VMS Deutschland Holdings GmbH. The spin-off became legally effective upon entry in the commercial register on October 12, 2017 and MMS AG therefore belongs to the Varex Group via Varex Imaging Deutschland AG, Willich, under the management of Varex Imaging Corporation, Salt Lake City, Utah, USA. Varex Imaging Deutschland AG holds 73.65 % of the total share capital of MMS AG. The domination and profit-and-loss transfer agreement now existing between Varex Imaging Deutschland AG and MMS AG obliges Varex Imaging Deutschland AG to pay the outside shareholders an annual cash payment ("compensation payment") for each full financial year for the duration of this agreement. This amounts to € 1.13 (gross) or € 0.95 (net) per share for each full financial year.

INTERIM MANAGEMENT REPORT Q2 2018/2019

PREAMBLE

This report covers the second quarter as well as the first half of the 2018/2019 fiscal year, i.e. the reporting period from October 1, 2018 to March 31, 2019. The previous year's figures stated below relate to the second quarter as well as the first half of the 2017/2018 fiscal year from October 1, 2017 to March 31, 2018.

BASICS OF THE COMPANY

STRUCTURE

MeVis Medical Solutions AG (hereinafter also referred to as "MMS AG", "MeVis" or the "Company") was founded in 1997 and commenced business in 1998. 73.65 % of the share capital of MMS AG is currently held by Varex Imaging Deutschland AG, Willich. There is a domination and profit-and-loss transfer agreement in place between Varex Imaging Deutschland AG, as the controlling company, and MeVis Medical Solutions AG, as the controlled company. Therefore MMS AG is part of the Varex Group through Varex Imaging Deutschland AG under the management of 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.

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").

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

Besides the sale of software licenses, maintenance contracts and services in the field of software development for medical technology companies, MeVis also offers services to clinical end customers. These include, amongst others, three-dimensional technical visualizations ("MeVis Distant Services"), interactive online trainings 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 three operating segments (“**Digital Mammography**”, “**Development Services**” and “**Other Operating Activities**”).

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.

The **Development Services** segment comprises the assignment of software development teams, i.e. software developers, product and project managers, application specialists and test engineers, for the contract development of software modules for external customers. Major customers in this segment are the Varian Medical Systems Group, Varex Imaging Corporation and Adaptiiv Medical Technologies Inc.

The segment **Other Operating Activities** includes the lung, liver, neuro and MeVis Online Services product areas. In addition to the licensing and maintenance business with software products, primarily in the areas lung and neuro for OEM customers Invivo Corporation and Vital Images, Inc., the segment includes the services of the “MeVis Distant Services” for technical visualizations used in continuing education, for publications and for presentations and research purposes, as well as MeVis Online Services, such as interactive online training (“MeVis Online Academy”) to improve the diagnostic capabilities of clinical end customers.

ECONOMIC REPORT

EARNINGS POSITION

Revenues in the second quarter of fiscal year 2018/2019 amounted to € 4,033 k, about 2 % above the previous year's level (€ 3,950 k). License business declined by 23 % in the second quarter to € 1,104 k (prev. year: € 1,438 k), and the maintenance business remained relatively constant at € 1,721 k (prev. year: € 1,712 k). The service business increased from € 799 k in the previous year's period to € 1,208 k.

Revenues in the first half-year thus amounted to € 8,244 k (prev. year: € 8,233 k) and were allocated to the segments Digital Mammography with € 4,622 k (prev. year: € 5,710 k), Development Services with € 1,991 k (prev. year: € 767 k) and Other Operating Activities with € 1,631 k (prev. year: € 1,756 k). With a share of 56 % (prev. year: 69 %), the Digital Mammography segment continued to be the main source of revenues.

Personnel expenses fell by 5 % to € 3,782 k (prev. year: € 3,985 k). MMS AG had 100 employees on average in the first half of the fiscal year 2018/2019. This corresponds to 88 full-time equivalents (prev. year: 105 employees or 95 full-time equivalents).

Other operating expenses were below previous year's level and totalled € 928 k (prev. year: € 950 k). These expenses mainly consisted of rental/leasing expenses of € 268 k (prev. year: € 283 k), legal and consulting costs of € 102 k (prev. year: € 94 k), travel expenses of € 83 k (prev. year: € 103 k) as well as vehicle costs of € 67 k (prev. year: € 62 k).

EBITDA (earnings before financial result, taxes, depreciation and amortization) totalled € 3,908 k in the reporting period (prev. year: € 3,618 k). Accordingly, the EBITDA margin was at 47 % (prev. year: 44 %).

As expected, depreciation, amortization and impairments of intangible assets and property, plant and equipment fell by 46 % to € 261 k (prev. year: € 482 k), while amortization of capitalized development costs declined by € 180 k to € 24 k (prev. year: € 204 k) and thus they are fully amortized.

EBIT (Earnings before financial result and taxes) amounted to € 3,647 k in the reporting period (prev. year: € 3,136 k). At 44 %, the EBIT margin improved compared with a previous year's value of 38 %.

The financial result improved significantly in the reporting period to € 711 k (prev. year: € -768 k). The change compared with the previous year is due to the development of the balance of income and expenses from exchange rate differences of € 820 k (prev. year: € -1,280 k) and the deterioration in the result of the 51 % share in MeVis BreastCare GmbH & Co. KG of € -184 k (prev. year: € 444 k), which is recognized at equity.

Thus EBT (earnings before taxes) came to € 4,358 k in the reporting period (prev. year: € 2,366 k). Accordingly, the EBT margin increased significantly to 53 % compared to the previous year's value of 29 %. The tax result came to € 0 k (prev. year: € -2 k).

Net profit after taxes therefore amounted to € 4,358 k (prev. year: € 2,366 k).

Undiluted earnings per share increased to € 2.39 (prev. year: € 1.30).

FINANCIAL POSITION

Cash flow from current operating activities came to € 2,530 k (prev. year: € 3,469 k) in the reporting period. This comprises earnings before financial result and taxes (EBIT) of € 3,647 k (prev. year: € 3,136 k), adjusted for depreciation in the amount of € 261 k (prev. year: € 482 k), interest received in the amount of € 0 k (prev. year: € 4 k), taxes paid in the amount of € -965 k (prev. year: € -71 k), changes in trade receivables and other assets in the amount of € -150 k (prev. year: € 68 k), and changes in trade payables and other liabilities in the amount of € -364 k (prev. year: € -150 k).

The cash flow from investing activities amounted to € -3,132 k in the reporting period (prev. year: € -16,175 k) and consisted of cash outflows for investments and a cash outflow of € 3,000 k to Varex Imaging Deutschland AG for short-term funds. In the previous year, Varex Imaging Deutschland AG was granted a loan with a disbursement amount of € 16,225 thousand.

Cash flow from financing activities amounted to € -1,619 k (prev. year: € 9,368 k), due to the payment to Varex Imaging Deutschland AG for the remaining amount from the profit transfer for the fiscal year 2017/2018. In the previous year, the profits of the financial years 2016 and 2016/2017 were paid out in the total amount of € 9,368 k.

The liquidity-relevant change in cash and cash equivalents amounted to € -2,221 k in the reporting period (prev. year: € -22,074 k).

NET ASSET POSITION

As of the balance sheet date the liquid funds amounted to € 1,918 k (September 30, 2018: € 3,477 k). They consist solely of cash.

Total assets increased by € 1,511 k to € 39,930 k as of the end of the first half (September 30, 2018: € 38,419 k). The equity ratio increased to 91 % (September 30, 2018: 83 %). Equity covered 115 % of fixed assets (September 30, 2018: 103 %), and fixed assets amounted to 377 % of current assets (September 30, 2018: 437 %). Fixed assets in relation to total assets decreased to 79 % (Asset intensity September 30, 2018: 81 %).

The increase in assets is mainly due to the development of other financial assets, which include the transfer of funds to Varex Imaging Deutschland AG. As a result of the profit for the period, equity rose by 14 % to € 36,417 k (30 September 2018: € 32,059 k) and current liabilities fell to € 618 k (30 September 2018: € 2,661 k) as a result of tax liabilities paid and the payment of the profit transfer for the 2017/2018 fiscal year. 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, 2018, remain valid.

OUTLOOK

For fiscal year 2018/2019, a slight decline in revenues to € 16.0 million to € 16.5 million is expected. The expected revenue decline in the Digital Mammography segment will only be partially offset by the fore-cast revenue growth in the Development Services and Other Operating Activities segments. Earnings before financial result and taxes (EBIT) are expected to decline significantly to between € 1.5 million and € 2.0 million. This includes an expected impairment of goodwill for the Hologic (Digital Mammography) business of € 4.5 million.

As in the previous reporting period, the Executive Board will regularly review its expectations during fiscal year 2018/2019 based on current business developments.

Bremen, May 23, 2019



Marcus Kirchhoff

CEO

INCOME STATEMENT H1 2018/2019

for the period October 1, 2018 through March 31, 2019

FIGURES IN € k	Notes	Oct. 1, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Revenues	1	8,244	8,233
Other operating income		611	518
Cost of material		-237	-198
Staff costs	2	-3,782	-3,985
Other operating expenses	3	-928	-950
Earnings before financial result, taxes, depreciation and amortization (EBITDA)		3,908	3,618
Depreciation, amortization and impairment of intangible and tangible assets	4	-261	-482
Earnings before financial result and tax (EBIT)		3,647	3,136
Share of profit of equity-method investments		-184	444
Interest income		84	77
Other net financial result		811	-1,289
Net financial result	5	711	-768
Earnings before tax (EBT)		4,358	2,368
Income tax	6	0	-2
Net loss/profit for the period		4,358	2,366
Earnings per share in €	13		
Basic		2.39	1.30
Diluted		2.39	1.30

STATEMENT OF COMPREHENSIVE INCOME

for the period October 1, 2018 through March 31, 2019

FIGURES IN € k	Notes	Oct. 1, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Net loss/profit for the period		4,358	2,366
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
Total comprehensive income		4,358	2,366

INCOME STATEMENT Q2 2018/2019

for the period January 1, 2019 through March 31, 2019

FIGURES IN € k	Notes	Jan. 1, 2019 - Mar. 31, 2019	Jan. 1, 2018 - Mar. 31, 2018
Revenues	1	4,033	3,950
Other operating income		305	263
Cost of material		-146	-124
Staff costs	2	-1,926	-2,162
Other operating expenses	3	-493	-509
Earnings before financial result, taxes, depreciation and amortization (EBITDA)		1,773	1,418
Depreciation, amortization and impairment of intangible and tangible assets	4	-110	-236
Earnings before financial result and tax (EBIT)		1,663	1,182
Share of profit of equity-method investments		-184	439
Interest income		42	38
Other net financial result		192	-839
Net financial result	5	50	-362
Earnings before tax (EBT)		1,713	820
Income tax	6	0	-1
Net loss/profit for the period		1,713	819
Earnings per share in €	13		
Basic		0.94	0.45
Diluted		0.94	0.45

STATEMENT OF COMPREHENSIVE INCOME

for the period January 1, 2019 through March 31, 2019

FIGURES IN € k	Notes	Jan. 1, 2019 - Mar. 31, 2019	Jan. 1, 2018 - Mar. 31, 2018
Net loss/profit for the period		1,713	819
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
Total comprehensive income		1,713	819

STATEMENT OF FINANCIAL POSITION

as of March 31, 2019

FIGURES IN € k	Notes	Mar. 31, 2019	Sep. 30, 2018
Non-current assets			
Intangible assets		10,948	11,117
Property, plant and equipment		255	215
Joint venture/Equity investments	7	1,701	1,885
Trade receivables		1,636	1,636
Other financial assets		17,015	16,411
		31,555	31,264
Current assets			
Trade receivables		3,009	3,286
Other financial assets	8	3,375	287
Other assets		73	105
Cash		1,918	3,477
		8,375	7,155
ASSETS		39,930	38,419
Equity capital	9		
Subscribed capital		1,820	1,820
Capital reserve		7,475	7,475
Revaluation reserve		100	139
Retained earnings		27,022	22,625
		36,417	32,059
Non-current liabilities			
Provisions		327	327
		327	327
Current liabilities			
Provisions		163	163
Trade payables		302	336
Other financial liabilities	10	618	2,661
Deferred income		1,329	1,228
Other liabilities		430	336
Income tax liabilities		344	1,309
		3,186	6,033
EQUITY AND LIABILITIES		39,930	38,419

STATEMENT OF CASH FLOW

for the period October 1, 2018 through March 31, 2019

FIGURES IN € k	Notes	Oct. 1, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Earnings before financial result and tax (EBIT)		3,647	3,136
+ Depreciation and amortization and impairments	5	261	482
+/- Other non-cash expenses/income		101	0
+ Interest received		0	4
- Tax paid		-965	-71
+/- Decrease/increase in trade receivables and other assets		-150	68
-/+ Decrease/increase in trade payables and other liabilities		-364	-150
= Cash flow from operating activities		2,530	3,469
Payments for investments in property, plant and equipment			
- Payments for investments in intangible assets (excl. development cost)		-132	-67
- Payments for granting loans ¹		0	-97
- Payments for short-term funds transfers		-3,000	0
= Cash flow from investing activities		-3,132	-16,175
- Payments to shareholders (profit transfer)		-1,619	-9,368
= Cash flow from financing activities		-1,619	-9,368
Change in cash and cash equivalents		-2,221	-22,074
Effect of exchange rates on cash and cash equivalents		662	-1,037
+ Cash at the beginning of the period		3,477	29,735
= Cash at the end of the period		1,918	6,624

¹ Reclassification from cash flow from financing activities to cash flow from investing activities as in the Annual Report of 2017/2018

STATEMENT OF CHANGES IN EQUITY

for the period October 1, 2018 through March 31, 2019

ANGABEN IN TAUSEND €	Subscribed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
Balance on Oct. 1, 2017	1,820	7,475	226	22,990	32,511
Net profit	0	0	0	2,366	2,366
Total comprehensive income	0	0	0	2,366	2,366
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-45	45	0
Balance on Mar. 31, 2018	1,820	7,475	181	25,401	34,877
Balance on Oct. 1, 2018	1,820	7,475	139	22,625	32,059
Net profit	0	0	0	4,358	4,358
Total comprehensive income	0	0	0	4,358	4,358
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-39	39	0
Balance on Mar. 31, 2019	1,820	7,475	100	27,022	36,417

NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2019

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).

73.65 % of the share capital of MMS AG is currently held by Varex Imaging Deutschland AG, Willich. There is a domination and profit-and-loss transfer agreement between Varex Imaging Deutschland AG, as the controlling company, and MeVis Medical Solutions AG, as the controlled company. Therefore MMS AG is part of the Varex Group through Varex Imaging Deutschland AG under the management of 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 statements of MeVis Medical Solutions AG, Bremen as at March 31, 2019 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, 2019 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, 2018 to March 31, 2019 use the same recognition and measurement policies as the individual financial statement according to IFRS for the fiscal year 2017/2018. The interim financial statements as of March 31, 2019 must therefore be read in conjunction with the individual financial statements according to IFRS for the fiscal year as of September 30, 2018.

EFFECTS OF NEW ACCOUNTING STANDARDS

MMS AG’s interim financial statements as of March 31, 2019 including the previous year’s figures have been prepared in accordance with IFRS as endorsed by the European Union as of September 30, 2018. 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, 2018 and in addition, IAS 34 “Interim reporting” was applied. New announcements of the IASB applicable as at March 31, 2019 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, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Maintenance (software service contracts)	3,470	3,475
Services (consulting and trainings)	2,491	2,233
Software and licenses	2,283	2,524
Hardware	0	1
	8,244	8,233

2. STAFF COSTS

The average headcount was 100 (prev. year: 105). This is equivalent to an average of 88 full-time positions (prev. year: 95). The average figures include 4 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 3).

3. OTHEROPERATING EXPENSES

FIGURES IN € k	Oct. 1, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Rental/leasing expenses	268	283
Legal and consulting costs	102	94
Travel expenses	83	103
Vehicle costs	67	62
Cost of preparing and auditing financial statements	55	51
Maintenance/repairs	47	54
Telephone and internet expenses	45	41
Energy costs	36	34
Office supplies	32	33
Training costs	22	29
Cleaning expenses	20	19
Others	151	147
	928	950

4. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Oct. 1, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Amortization of industrial property rights and similar rights and customer bases	145	177
Amortization of capitalized development expenses	24	204
Depreciation of property, plant and equipment	92	101
	261	482

5. NET FINANCIAL RESULT

The net financial result as of March 31, 2019 amounted to € 711 k (prev. year: € -768 k). It mainly consisted of the balance of income and expenses from exchange rate differences of € 820 k (prev. year: € -1,280 k), the result derived from equity-method investments amounting to € -184 k (prev. year: € 444 k) and interest income € 84 k (prev. year: € 77 k).

6. INCOME TAXES

Income tax expenses in the previous year 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. OTHER FINANCIAL ASSETS

FIGURES IN € k	Mar. 31, 2019	Sep. 30, 2018
Loans	17,015	16,411
Interest receivables from loans	237	153
Other receivables	3,135	134
Other	3	0
	20,390	16,698

The loan of USD 19.2 million granted to Varex Imaging Deutschland AG has been in place since October 16, 2017 and bears interest at a rate of 1 % per annum. The fair value of the loan receivable essentially corresponds to the book value.

Other receivables include € 3,000 k (September 30, 2018: € 0 k) due from Varex Imaging Deutschland AG, Willich, resulting from a transfer of funds during the year and € 135 k (September 30, 2018: € 134 k) due from 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, 2018 - Mar. 31, 2019	Oct. 1, 2017 - Mar. 31, 2018
Status as at October 1	139	226
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without an impact on profit and loss	-39	-45
Status as at March 31	100	181

10. OTHER FINANCIAL LIABILITIES

Current other financial liabilities

FIGURES IN € k	Mar. 31, 2019	Sep. 30, 2018
Staff liabilities	618	1,042
Liabilities to affiliated companies	0	1,619
	618	2,661

The liabilities to affiliated companies in the previous year related to the transfer of the profit under commercial law for the fiscal year 2017/2018 based on the existing domination and profit and loss transfer agreement with

Varex Imaging Deutschland AG in the amount of € 7,619 k, which were offset against claims of € 6,000 k from transfers of funds to Varex Imaging Deutschland AG during the year.

Staff liabilities mainly relate to costs for the 13th salary and bonus payments.

11. TRANSACTIONS WITH RELATED PARTIES

There have been no material changes in the relationships with related parties since the IFRS individual financial statements for the 2017/2018 financial year.

12. CONTINGENT RECEIVABLES AND CONTINGENT LIABILITIES

In comparison with the contingent receivables and contingent liabilities presented in the individual financial statement according to IFRS for the fiscal year 2017/2018, 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, 2019	Mar. 31, 2018
Net result for the period in € k	4,358	2,366
Weighted average of shares outstanding during the reporting period - basic	1,820,000	1,820,000
Dilution through stock options	0	0
Weighted average of shares outstanding during the reporting period - diluted	1,820,000	1,820,000
Basic earnings per share in €	2.39	1.30
Diluted earnings per share in €	2.39	1.30

14. SEGMENT INFORMATION

As of March 31, 2019, the Company's activities were divided into the reportable segments of Digital Mammography, Development Services, and Other Operating Activities. The management of each of these segments reports directly to the Management Board of MMS AG in its capacity as the responsible corporate body.

The Development Services segment became significant in the fiscal year 2017/2018 because the revenues of this segment exceed the quantitative threshold of at least 10% of the Company's total revenues as defined in IFRS 8.13 (a). Accordingly, the prior year comparatives have been restated in accordance with IFRS 8.18.

Since the Digital Mammography and Development Services segments together account for more than 75 % of MMS AG's revenues, the non-reportable business segments were combined and presented in the "Other Operating Activities" category. 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:

FIGURES IN € k	Digital Mammography		Development Services		Other Operating Activities		Total	
	01.10. - 31.03. 2018/ 2019	01.10. - 31.03. 2017/ 2018						
Segment revenues	4,622	5,710	1,991	767	1,631	1,756	8,244	8,233
Depreciation and amortization	-153	-378	-48	-17	-60	-87	-261	-482
Operating expenses	-833	-1,437	-1,330	-441	-1,856	-2,305	-4,019	-4,183
Result of operating activities	3,636	3,895	613	309	-285	-636	3,964	3,568
Other operating income	124	183	215	55	272	280	611	518
Other operating expenses	-188	-341	-326	-101	-414	-508	-928	-950
Segment net profit/loss	3,572	3,737	502	263	-427	-864	3,647	3,136

15. POST BALANCE SHEET EVENTS

No material events occurred after the balance sheet date.

Bremen, May 23, 2019



Marcus Kirchhoff

CEO

RESPONSIBILITY STATEMENT („Bilanzeid“)

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of my knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company in accordance with German principles of proper accounting, 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 23, 2019

MeVis Medical Solutions AG



Marcus Kirchhoff

CEO

DISCLAIMER

FORWARD-LOOKING STATEMENT

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

DEVIATIONS FOR TECHNICAL REASONS

Deviations may occur between the accounting data contained in this report and that submitted to the Bundesanzeiger 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 2018/2019

Date	Event
January 29, 2019	Annual Report 2017/2018
February 26, 2019	Interim Report for Q1 2018/2019
March 21, 2019	Annual General Meeting, Bremen
May 23, 2019	Interim Report for H1 2018/2019
Sep. 2019	Fall Conference, Frankfurt am Main
August 29, 2019	Interim Report for Q3 2018/2019

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