

Q1 | 2018/2019
Interim Report
MeVis Medical Solutions AG

10cm (proj.)

10cm (proj.)

MeVis

KEY FIGURES (IFRS)

FIGURES IN € k		Oct. 1, 2018 - Dec. 31, 2018	Oct. 1, 2017 - Dec. 31, 2017	Change
Revenues		4,211	4,283	-2 %
of which segment ¹	Digital Mammography	2,389	3,003	-20 %
	Other Diagnostics	1,063	450	136 %
	Other Operating Activities	759	830	-9 %
EBITDA		2,135	2,200	-3 %
EBITDA margin		51 %	51 %	
EBIT		1,984	1,954	2 %
EBIT margin		47 %	46 %	
Net financial result		661	-406	
EBT		2,645	1,548	71 %
Net profit for the period		2,645	1,547	71 %
Earnings per share in € (basic)		1.45	0.85	71 %
Earnings per share in € (diluted)		1.45	0.85	71 %
		Dec. 31, 2018	Sep. 30, 2018	Change
Equity capital		34,704	32,059	8 %
Intangible assets		11,015	11,117	-1 %
Non-current and current liabilities		6,206	6,360	-2 %
Balance sheet total		40,910	38,419	6 %
Equity ratio in %		85 %	83 %	
Liquid funds ²		5,814	3,477	67 %
Employees ³		88	93	-5 %

¹ Excluding intersegment revenues.

² Cash

³ Full-time equivalents as of balance sheet date.

KEY SHARE DATA

As at December 31, 2018	
Industry sector	Software / Medical Technology
Subscribed capital	€ 1,820,000.00
No. of shares	1,820,000
Last quotation on December 29, 2017	€ 39.62
Last quotation on December 28, 2018	€ 32.00
High/low in fiscal year 2018/2019	€ 36.40 / € 32.00
Market capitalization	€ 58.240 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 TO THE SHAREHOLDERS



from left: Marcus Kirchhoff, Dr. Robert Hannemann

*Dear Shareholders, Customers,
Business Associates and Employees*

Stability at a high level: We started the new fiscal year with largely stable revenues and costs, so a still very attractive EBIT margin of 47 % was achieved. The change in the business structure continued, with the decline in the Hologic business in the Digital Mammography segment being offset by corresponding growth in Development Services, particularly for our parent company Varex Imaging Corporation.

Our performance in detail: **Sales** in the first quarter of fiscal year 2018/2019 came to € 4,211 k, about 2 % below the previous year (€ 4,283 k). In the first quarter, the license business increased by 9 % to € 1,179 k (prev. year: € 1,086 k) and the maintenance business decreased by 1 % to € 1,749 k (prev. year: € 1,763 k) compared to the same period of the previous year. The service business decreased by 11 % from € 1,434 k in the previous year's period to € 1,283 k. First quarter revenues of € 4,211 k (prev. year: € 4,283 k) were attributable to the Digital Mammography segment with € 2,389 k (prev. year: € 3,003 k), Development Services with € 1,063 k (prev. year: € 450 k) and Other Operating Activities with € 759 k (prev. year: € 830 k). With a share of 57 % (prev. year: 70 %), the Digital Mammography segment continued to be the main source of revenues.

As planned, operating **costs** rose slightly in the first quarter. Personnel expenses increased by 2 %, whereas other operating expenses in the first quarter fell slightly to € 435 k (previous year: € 441 k) compared to the same quarter of the previous year.

EBITDA (earnings before financial result, taxes, depreciation and amortization) amounted to € 2.135 k in the reporting period (prev. year: € 2,200 k).

As expected, depreciation, amortization and impairments of intangible assets and property, plant and equipment fell by 39 % to € 151 k (prev. year: € 246 k), while amortization of development services declined by € 78 k to € 24 k (prev. year: € 108 k) and thus the capitalized development costs are fully amortized.

Earnings before financial result and taxes (**EBIT**) amounted to € 1,984 k in the reporting period (prev. year: € 1,954 k). The EBIT margin increased slightly to 47 % compared to a previous year value of 46 %.

The **financial result** improved significantly in the period under review to € 661 k (prev. year: € -406 k). The increase compared to the previous year is mainly due to the development of the balance of income and expenses from exchange rate differences amounting to € 622 k (prev. year: € -445 k).

Earnings before taxes (**EBT**) came to € 2,645 k in the reporting period (prev. year: € 1,548 k). Accordingly, the EBT margin increased significantly to 63 % compared to the previous year's value of 36 %. The tax result came to € 0 k (prev. year: € -1 k).

Net profit after taxes amounted to € 2,645 k (prev. year: € 1,547 k), corresponding to undiluted earnings per share of € 1.45 (prev. year: € 0.85).

As of December 31, 2018, **liquid funds** increased from € 3,477 k to € 5,814 k compared to the end of the 2017/2018 fiscal year.

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.

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

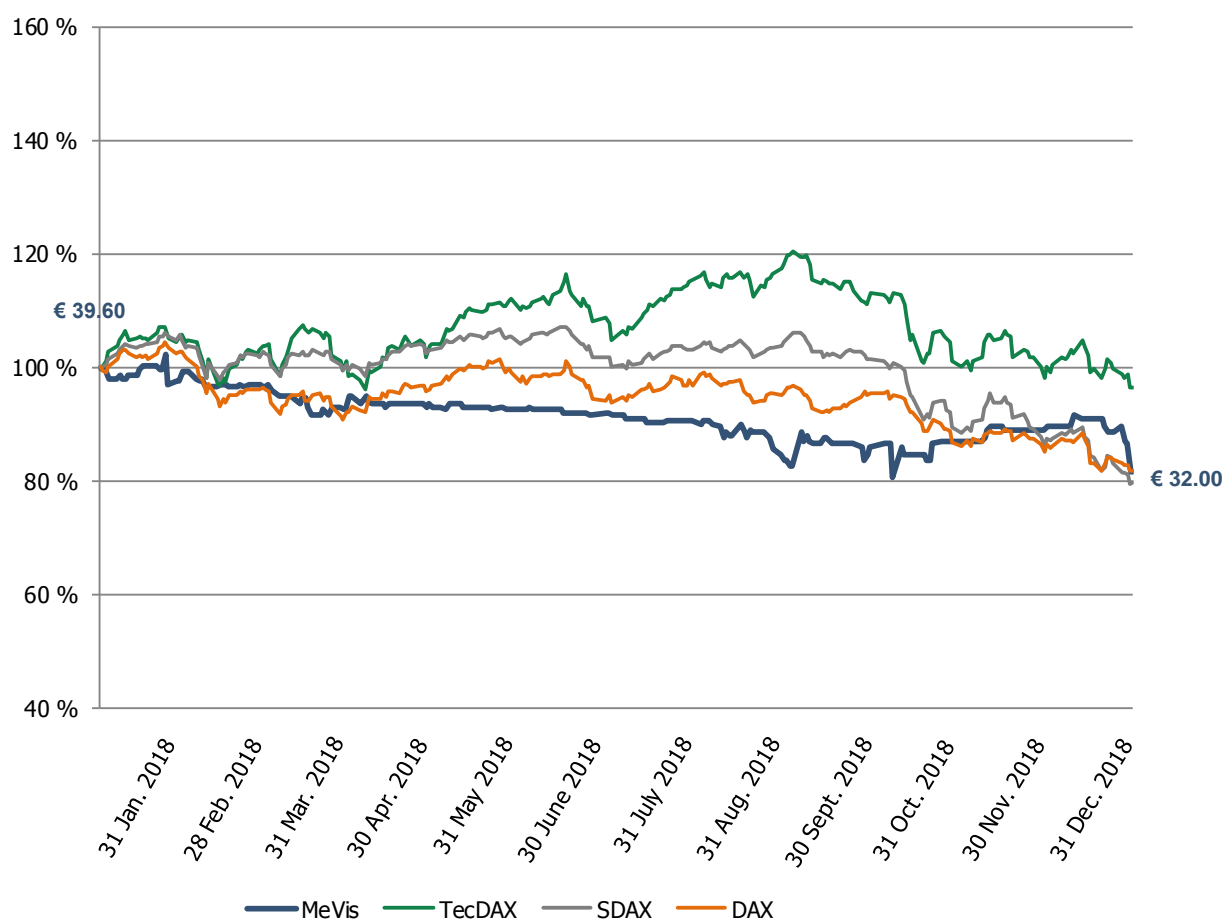


Dr. Robert Hannemann

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 € 36.40, and the lowest price was € 32.00. MeVis Medical Solutions AG finished the first quarter with a share price of € 32.00 (XETRA) compared to € 39.62 on December 30, 2017 and € 34.40 on September 30, 2018. As a result, the value of the MeVis share at the end of the first quarter of the current fiscal year fell by 7 % compared with the closing price at the end of the 2017/2018 fiscal year. Over the last twelve months, the MeVis share has developed in line with the general share trends with a -19% decline. Taking into account 1,820,000 shares in circulation, the market capitalization at the end of the period was € 58.24 million. The number of registered securities accounts with 587 securities accounts at the end of the period has again fallen considerably compared to 31 December 2017 (655 securities accounts).

KEY INDICATORS OF THE MEVIS SHARE

	3 M Dec. 31, 2018	12 M Sept. 30, 2018	9 M Jun. 30, 2018
Closing price in €	32.00	34.40	36.40
Period high in €	36.40	40.60	37.80
Period low in €	32.00	32.80	36.40
Market capitalization in million € (XETRA ultimo)	58.2	62.6	66.2
Number of shares	1,820,000	1,820,000	1,820,000
Price-to-earnings ratio (XETRA ultimo)	5.52	8.73	9.72
Earnings per share in € (diluted/basic)	1.45	3.94	2.81

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.

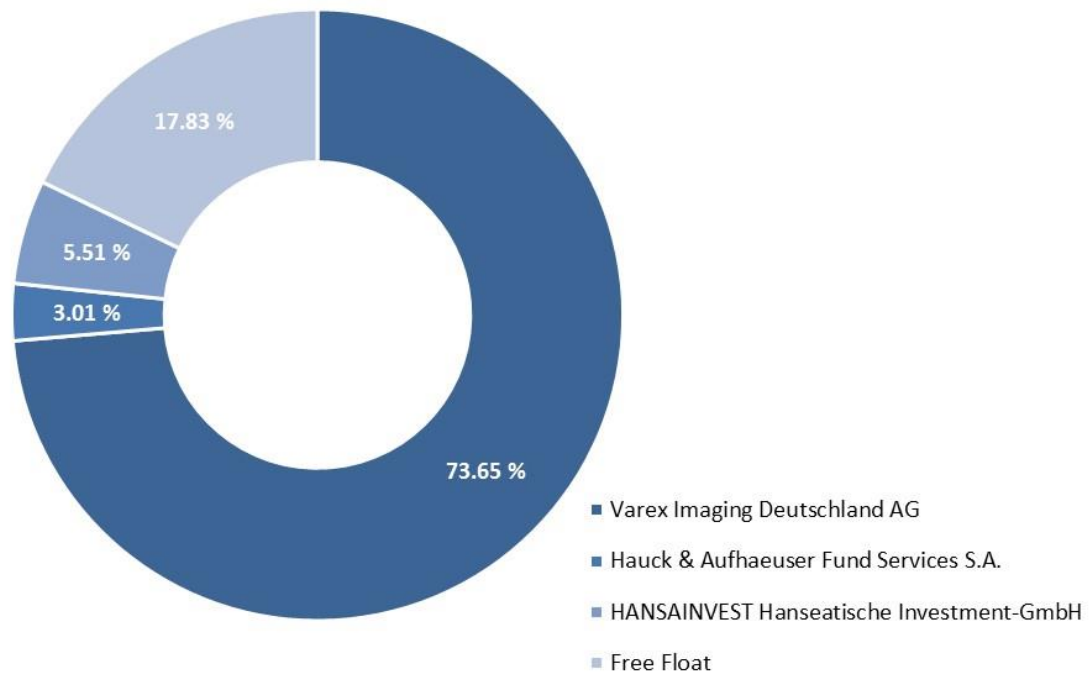


Fig.: Shareholder structure as at December 31, 2018
(In accordance with the shareholder notifications received by us.)

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 Q1 2018/2019

PREAMBLE

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

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 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 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 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

Sales in the first quarter of fiscal year 2018/2019 came to € 4,211 k, about 2 % below the previous year (€ 4,283 k). In the first quarter, the license business increased by 9 % to € 1,179 k (prev. year: € 1,086 k) and the maintenance business decreased by 1 % to € 1,749 k (prev. year: € 1,763 k) compared to the same period of the previous year. The service business decreased by 11 % from € 1,434 k in the previous year's period to € 1,283 k.

First quarter revenues of € 4,211 k (prev. year: € 4,283 k) were attributable to the Digital Mammography segment with € 2,389 k (prev. year: € 3,003 k), Development Services with € 1,063 k (prev. year: € 450 k) and Other Operating Activities with € 759 k (prev. year: € 830 k). With a share of 57 % (prev. year: 70 %), the Digital Mammography segment continued to be the main source of revenues.

Staff costs increased by 2 % to € 1,856 k (prev. year: € 1,823 k). MMS AG had 101 employees on average in the first quarter of the fiscal year 2018/2019. This corresponds to 90 full-time equivalents (prev. year: 103 employees or 93 full-time equivalents).

Other operating expenses were below the previous year's level and amounted to a total of € 435 k (prev. year: € 441 k). These expenses mainly consisted of rental/leasing expenses of € 134 k (prev. year: € 149 k), travel expenses amounting to € 58 k (prev. year: € 33 k), legal and consulting costs of € 33 k (prev. year: € 47 k) and maintenance costs amounting to € 30 k (previous year: € 14 k).

EBITDA (earnings before financial result, taxes, depreciation and amortization) totalled € 2,135 k in the period under review (prev. year: € 2,200 k). The EBITDA margin remained at a constant 51 % (prev. year: 51 %).

As expected, depreciation, amortization and impairments of intangible assets and property, plant and equipment fell by 39 % to € 151 k (prev. year: € 246 k), while amortization of development services declined by € 78 k to € 24 k (prev. year: € 108 k) and thus the capitalized development costs are fully amortized.

Earnings before financial result and taxes (EBIT) amounted to € 1,984 k in the reporting period (prev. year: € 1,954 k). The EBIT margin increased slightly to 47 % compared to a previous year value of 46 %.

The financial result improved significantly in the period under review to € 661 k (prev. year: € -406 k). The increase compared to the previous year is mainly due to the development of the balance of income and expenses from exchange rate differences amounting to € 622 k (prev. year: € -445 k).

Earnings before taxes (EBT) came to € 2,645 k in the reporting period (prev. year: € 1,548 k). Accordingly, the EBT margin increased significantly to 63 % compared to the previous year's value of 36 %. The tax result came to € 0 k (prev. year: € -1 k).

Net profit after taxes amounted to € 2,645 k (prev. year: € 1,547 k).

Undiluted earnings per share increased to € 1.45 (prev. year: € 0.85).

FINANCIAL POSITION

Cash flow from current operating activities came to € 1,861 k (prev. year: € 993 k) in the period under review. This comprises earnings before financial result and taxes (EBIT) of € 1,984 k (prev. year: € 1,954 k), adjusted for depreciation in the amount of € 151 k (prev. year: € 246 k), interest received in the amount of € 0 k (prev. year: € 4 k), taxes paid in the amount of € -64 k (prev. year: € -70 k), changes in trade receivables and other assets in the amount of € -120 k (prev. year: € -850 k), and changes in trade payables and other liabilities in the amount of € -158 k (prev. year: € -291 k).

Net cash inflow from investing activities stood at € -7 k in the period under review (prev. year: € -139 k) and consisted entirely of payments for investments.

Cash flow from financing activities amounted to € 0 k, whereas in the previous year € 20,168 k were paid out, as Varex Imaging Deutschland AG was paid the profit of the financial year 2016 in the amount of € 4,157 k and was granted a loan in the amount of € 16,011 k.

The liquidity-relevant change in cash and cash equivalents came to € 1,854 k in the period under review (prev. year: € -19,314 k).

NET ASSET POSITION

Liquid funds amounted to € 5,814 k (Sept. 30, 2018: € 3,477 k) as of the balance sheet date. They consist solely of cash.

At the end of the first quarter, total assets increased by € 2,491 k to € 40,910 k (Sept. 30, 2018: T€ 38.419). The equity ratio increased slightly to 85 % (Sept. 30, 2018: 83 %). Fixed assets are covered by 110 % of equity (Sept. 30, 2018: 103 %) and amount to 337 % of current assets (Sept. 30, 2018: 437 %). The ratio of fixed assets to total assets decreased to 77 % (capitalization ratio Sept. 30, 2018: 81 %).

The increase in assets is mainly due to the development of liquidity. Equity increased by 8 % to € 34,704 thousand (Sept. 30, 2018: € 32,059 k) as a result of net profit for the period. There were no other significant changes in liabilities.

MATERIAL EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

OPPORTUNITIES AND RISK REPORT

No material changes have occurred with regard to the risk situation of the Company since the beginning of the fiscal year. Therefore, the statements, made in the opportunities and risk report of the annual financial statements for the 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, February 26, 2019



Marcus Kirchhoff
Chairman & CEO



Dr. Robert Hannemann
Member of the Executive Board

INCOME STATEMENT

for the period October 1 through December 31, 2018

FIGURES IN € k	Notes	Oct. 1 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Revenues	1	4,211	4,283
Other operating income		306	255
Cost of material		-91	-74
Staff costs	2	-1,856	-1,823
Other operating expenses	3	-435	-441
Earnings before financial result, taxes, depreciation and amortization (EBITDA)		2,135	2,200
Depreciation, amortization and impairment of intangible and tangible assets	4	-151	-246
Earnings before financial result and tax (EBIT)		1,984	1,954
Share of profit of equity-method investments		0	5
Interest income		42	39
Other net financial result		619	-450
Net financial result	5	661	-406
Earnings before tax (EBT)		2,645	1,548
Income tax	6	0	-1
Net loss/profit for the period		2,645	1,547
Earnings per share in €	13		
Basic		1.45	0.85
Diluted		1.45	0.85

STATEMENT OF COMPREHENSIVE INCOME

for the period October 1 through December 31, 2018

FIGURES IN € k	Notes	Oct. 1 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Net loss/profit for the period		2,645	1,547
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		2,645	1,547

STATEMENT OF FINANCIAL POSITION

as of December 31, 2018

FIGURES IN € k	Notes	Dec. 31, 2018	Sep. 30, 2018
Non-current assets			
Intangible assets		11,015	11,117
Property, plant and equipment		173	215
Joint venture/Equity investments	7	1,885	1,885
Trade receivables		1,636	1,636
Other financial assets		16,845	16,411
		31,554	31,264
Current assets			
Trade receivables		2,930	3,286
Other financial assets	8	529	287
Other assets		83	105
Cash		5,814	3,477
		9,356	7,155
ASSETS		40,910	38,419
Equity capital			
	9		
Subscribed capital		1,820	1,820
Capital reserve		7,475	7,475
Revaluation reserve		117	139
Retained earnings		25,292	22,625
		34,704	32,059
Non-current liabilities			
Provisions		327	327
		327	327
Current liabilities			
Provisions		163	163
Trade payables		351	336
Other financial liabilities	10	2,454	2,661
Deferred income		1,296	1,228
Other liabilities		370	336
Income tax liabilities		1,245	1,309
		5,879	6,033
EQUITY AND LIABILITIES		40,910	38,419

STATEMENT OF CASH FLOW

for the period October 1 through December 31, 2018

FIGURES IN € k	Notes	Oct. 1 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Earnings before financial result and tax (EBIT)		1,984	1,954
+ Depreciation and amortization and impairments	5	151	246
+/- Other non-cash expenses/income		68	0
+ Interest received		0	4
- Tax paid		-64	-70
+/- Decrease/increase in trade receivables and other assets		-120	-850
-/+ Decrease/increase in trade payables and other liabilities		-158	-291
= Cash flow from operating activities		1,861	993
- Purchase of property, plant and equipment		-7	-139
= Cash flow from investing activities		-7	-139
- Payments to shareholders (profit transfer)		0	-4,157
- Granting of loans		0	-16,011
= Cash flow from financing activities		0	-20,168
Change in cash and cash equivalents		1,854	-19,314
Effect of exchange rates on cash and cash equivalents		483	-102
+ Cash at the beginning of the period		3,477	29,735
= Cash at the end of the period		5,814	10,319

STATEMENT OF CHANGES IN EQUITY

for the period October 1 through December 31, 2018

FIGURES IN € k	Subscribed capital	Capital reserve	Re-valuation reserve	Retained earnings	Total
Balance on Oct. 1, 2017	1,820	7,475	226	22,990	32,511
Net profit	0	0	0	1,547	1,547
Total comprehensive income	0	0	0	1,547	1,547
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-24	24	0
Balance on Dec. 31, 2017	1,820	7,475	202	24,561	34,058
Balance on Oct. 1, 2017	1,820	7,475	139	22,625	32,059
Net profit	0	0	0	2,645	2,645
Total comprehensive income	0	0	0	2,645	2,645
Transfer from revaluation reserve to retained earnings based on amortization	0	0	-22	22	0
Balance on Dec. 31, 2017	1,820	7,475	117	25,292	34,704

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 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).

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 December 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 December 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 to December 31, 2018 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 December 31, 2018 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 December 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, 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 December 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 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Maintenance	1,749	1,763
Services	1,283	1,434
Software and licenses	1,179	1,086
	4,211	4,283

2. STAFF COSTS

The average headcount was 101 (prev. year: 103). This is equivalent to an average of 90 full-time positions (prev. year: 93). The average figures include 4 testers (as a rule, students employed on a negligible part-time basis) (prev. year: 3).

3. OTHER OPERATING EXPENSES

FIGURES IN € k	Oct. 1 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Rental/leasing expenses	134	149
Travel expenses	58	33
Legal and consulting costs	33	47
Maintenance/repairs	30	14
Vehicle costs	30	23
Phone and internet expenses	19	23
Cost of preparing and auditing financial statements	18	26
Energy costs	18	18
Training costs	16	12
Others	79	96
	435	441

4. DEPRECIATION AND AMORTIZATION

FIGURES IN € k	Oct. 1 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Amortization of industrial property rights and similar rights and customer bases	78	88
Amortization of capitalized development expenses	24	108
Depreciation of property, plant and equipment	49	50
	151	246

5. NET FINANCIAL RESULT

The net financial result as of December 31, 2018 amounted to € 661 k (prev. year: € -406 k). It mainly consisted of the balance of income and expenses from exchange rate differences of € 622 k (prev. year: € -445 k) and interest income € 42 k (prev. year: € 39 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. CURRENT OTHER FINANCIAL ASSETS

FIGURES IN € k	Dec. 31, 2018	Sep. 30, 2018
Loans	16,845	16,411
Interest receivables from loans	195	153
Other receivables	331	134
Other	2	0
	17,374	16,698

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

All other receivables are due from MBC KG.

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 - Dec. 31, 2018	Oct. 1 - Dec. 31, 2017
Status as at October 1	139	226
-Transfer of the amount corresponding to write-downs and the associated deferred taxes to retained earnings, without no impact on profit and loss	-22	-24
Status as at December 31	117	202

10. OTHER FINANCIAL LIABILITIES

Current other financial liabilities

FIGURES IN € k	Dec. 31, 2018	Sep. 30, 2018
Liabilities to affiliated companies	1,619	1,619
Staff liabilities	835	1,042
	2,454	2,661

The liabilities to affiliated companies relate 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 primarily comprise the costs for the 13th salary and bonuses.

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 the individual financial statement according to IFRS for the fiscal year 2017/2018, no changes occurred in the first quarter of the current fiscal year.

13. EARNINGS PER SHARE

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

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 outstanding stock options.

	Dec. 31, 2018	Dec. 31, 2016
Net result for the period in € k	2,645	1,547
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 €	1.45	0.85
Diluted earnings per share in €	1.45	0.85

14. SEGMENT INFORMATION

As of December 31, 2018, 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. - 31.12.		01.10. - 31.12.		01.10. - 31.12.		01.10. - 31.12.	
	2018	2017	2018	2017	2018	2017	2018	2017
Segment revenues	2,389	3,003	1,063	450	759	830	4,211	4,283
Depreciation and amortization	-94	-200	-27	-7	-30	-39	-151	-246
Operating expenses	-402	-725	-730	-176	-815	-996	-1,947	-1,897
Result of operating activities	1,893	2,078	306	267	-86	-205	2,113	2,140
Other operating income	62	99	118	24	126	132	306	255
Other operating expenses	-88	-172	-168	-41	-179	-228	-435	-441
Segment net profit/loss	1,867	2,005	256	250	-139	-301	1,984	1,954

15. POST BALANCE SHEET EVENTS

No material events occurred after the balance sheet date.

Bremen, February 26, 2019



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 2018/2019

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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