

# 06 — Group Management Report of Nexus AG

## BASIC PRINCIPLES OF THE GROUP

### — Business model

NEXUS develops, sells and services software solutions for facilities of the healthcare system. All software solutions are designed to enable hospitals, rehabilitation facilities, specialist clinics and nursing homes to manage processes more efficiently and provide the staff with more time for patients. NEXUS develops software solutions by bringing together the know-how and ideas of customers and its own employees and can draw on extensive expert knowledge from various European countries. NEXUS offers the following product groups:

- + **NEXUS / HIS<sup>NG</sup>:** Complete information system for somatic hospitals in Germany
- + **NEXUS / PSYCHIATRY:** Complete information system for psychiatric institutions
- + **NEXUS / REHA:** Complete information system for rehabilitation facilities
- + **ITR:** Software for rehabilitation, private, acute care clinics not providing surgery and hotels with medical care
- + **NEXUS / ARCHIVE and NEXUS / PEGASOS:** Archiving and process management in healthcare
- + **NEXUS / QM:** Information systems for quality management in the healthcare system
- + **NEXUS / INTEGRATION SERVER:** Interface management for hospital information systems
- + **NEXUS / CLOUD IT:** Outsourcing solutions in healthcare
- + **NEXUS / EPS:** Software solutions to supplement SAP personnel management as well as HR consulting in the SAP environment
- + **ifa systems:** Software solutions in ophthalmology
- + **Sophrona Solutions:** Patient and referral platform in ophthalmology
- + **NEXUS / DIS:** Interdisciplinary diagnostic information system
- + **NEXUS / SWISSLAB:** Premium Laboratory Information System
- + **NEXUS / LAURIS:** Order communication in diagnostics
- + **NEXUS / PATHOLOGY and NEXUS / CYTOLOGY, dc-Pathos and dc-LabMan:** information systems for pathological and cytological devices, print management for cassette and slide printers
- + **NEXUS / CHILI:** Teleradiology solutions, Information (RIS) and image system (PACS)
- + **NEXUS / ASTRAIA:** Information system for women's hospitals and special findings in obstetrics and gynecology
- + **NEXUS / SPECIAL DIAGNOSTICS and Clinic WinData (CWD):** Information systems for medical specialist diagnostics and device integration
- + **NEXUS / HIS:** Complete information system for somatic hospitals in Switzerland
- + **NEXUS / HOME:** Complete information system for senior citizen homes and nursing home chains
- + **NEXUS / OUTPATIENT CARE and Asebis:** The complete Spitex (home care) solution for the Swiss market
- + **NEXUS / PAT:** Complete administration information system for Swiss hospitals
- + **SINAPSI:** Special hospital information system for Ticino hospitals
- + **osoTEC:** Software solutions for billing personal and other services
- + **highsystemNET:** Life cycle client management
- + **CREATIV OM:** CRM for non-profit organizations and healthcare institutions
- + **SEXTANT:** Cloud CRM for non-profit organizations
- + **Emed:** Web-based hospital information system for French and Spanish healthcare institutions
- + **NEXUS / AEMP, NEXUS / SPM and EuroSDS:** Information system for product sterilization processes in hospitals
- + **NEXUS / EPD:** Complete information system for somatic and psychiatric institutions in the Netherlands
- + **RVC Software:** Medical diagnostics

- + **NEXUS / VITA and TESIS VITA:** Complete information system for In-vitro clinics
- + **NEXUS / ESKULAP:** Complete information system for somatic and psychiatric institutions in Poland
- + **One ICT:** ICT infrastructure installations
- + **PathoPro:** Information system for pathological laboratories
- + **IBS:** Findings communication solution
- + **Heimsoft:** Resident administration for the nursing home sector
- + **Wintime 2000:** Workforce deployment planning
- + **GEPADO Xpro:** Software solution for genetic laboratories

NEXUS markets software solutions, installs them at customers' and handles maintenance of the solutions in the sense of further development and consulting. If requested, NEXUS operates the software in own or rented data centers and provides overall customer support.

NEXUS software architecture is modular, interoperable and service-oriented. The service orientation of the products makes it possible to integrate functions (services) also into third-party products. In this way, regular customers and newly acquired companies can profit directly from additional functions.

The various modules of the software solutions are used for improving administration processes, billing processes and the course of treatments as well as for optimizing the quality of the documentation of patient data. The goal of our products is to offer tools for facilities in the healthcare system, with which they can digitalize, accelerate and improve the quality of their business processes. IT services round out our range of services.

NEXUS Group is represented at the sites Donaueschingen, Berlin, Dossenheim, Nuremberg, Frankfurt am Main, Freiburg im Breisgau, Hanover, Dresden, Magdeburg, Ismaning, Lindenberg, Heiligenhaus, Gladbeck, Saarbrücken, Otterberg, Ulm, Jena, Kassel, Neckarsulm, Offenburg, Ratingen, Münster, Frechen, Singen (Hohentwiel), Siegburg, Vienna (AT), Antwerpen (BEL), Affoltern am Albis (CH), Wallisellen (CH), Widnau (CH), Altshofen (CH), Basel (CH), Lugano (CH), Zürich (CH), Zollikofen (CH), Bottighofen (CH), Grenoble (F), Vichy (F), Baarn (NL), Nieuwegein (NL), Amersfoort (NL), Fort Lauderdale (USA), St. Paul (USA), Oklahoma City (USA) as well as Sabadell (ES) and Posen (PL). Nexus AG sets the decisive strategic orientation of the Group.

The following changes were made in the ownership structure in 2022:

- + SINAPSI Sagl, Lugano (Switzerland), was merged into NEXUS Schweiz AG on 01/01/2022.
- + With a share purchase agreement dated 09/02/2022, NEXUS Schweiz AG acquired 60% of the shares in oneICT AG, Wallisellen, Switzerland. A put/call option contract exists for a further 40% of the shares.

- + ASTRAIA Software GmbH was renamed NEXUS / ASTRAIA GmbH on 04/03/2022.
- + NEXUS Schweiz AG acquired a further 25% of the shares of the subsidiary osoTec GmbH, Affoltern am Albis, Switzerland, on 16/03/2022 from the existing option agreement.
- + Nexus AG acquired 70% of the shares in IFMS GmbH, Institut für medizinische Software, Saarbrücken, on 18/03/2022 with the closing date of 31/05/2022 and the associated transfer of the shares as well as the initial consolidation at that time. A put/call option contract exists for a further 30% of the shares.
- + NEXUS Schweiz AG acquired the remaining 20% of the shares of the subsidiary Creativ Software AG, Widnau, Switzerland, on 18/03/2022 from the existing option agreement.
- + NEXUS/ CSO GmbH was renamed NEXUS / REHA GmbH on 15/04/2022.
- + DC-Systeme Informatik GmbH acquired the business operations of On-Lab GmbH, Offenburg, as part of an asset deal on 02/05/2022.
- + Nexus AG acquired the remaining 10.94% of the shares of the subsidiary NEXUS Polska sp. z o.o., Poznan, Poland, on 09/05/2022 from the existing option agreement.
- + E&L medical Systems GmbH was renamed NEXUS / E&L GmbH on 11/07/2022, and its headquarters were relocated to Nuremberg.
- + NEXUS Schweiz AG acquired 100% of the shares in Zwicky Electronic AG, Bottighofen, Switzerland on 31/05/2022.
- + NEXUS Schweiz AG acquired 100% of the shares in HeimSoft Solutions AG, Zollikofen, Switzerland on 01/06/2022.
- + DC-Systeme Informatik GmbH was renamed NEXUS / DIGITAL PATHOLOGY GmbH on 12/08/2022, and its headquarters were relocated to Donaueschingen.
- + RVC Medical IT GmbH was renamed Enterprise Imaging GmbH on 12/09/2022.
- + Nexus AG acquired a further 0.19% of the shares of the subsidiary RVC Medical IT Holding B.V. Amersfoort, Netherlands, on 29/08/2022 from the existing option agreement.
- + Nexus AG purchased a 51% interest in GePaDo – Softwarelösungen für Genetik – GmbH, Dresden, on 21/12/2022. A put/call option contract exists for a further 49% of the shares.

## \_\_\_ Control System

NEXUS Group is divided into three divisions ("DE", "DIS" and "ROE") and into various business areas within the business areas. Each business area has its own business model. The basis of the business area strategies are the product program, market, technology and sales strategies of the NEXUS Group. The segments and business areas are controlled via measurement of two uniform key figures (according to IFRS accounting standards): sales and Sales and EBT. The Executive Board checks the key figures quarterly.

## \_\_\_ Research and Development

NEXUS Group does not conduct any of its own research, but instead exclusively software development. In 2022, investments were especially made for developments for the products NEXUS / HIS,

NEXUS / HIS<sup>NG</sup>, NEXUS / RADIOLOGY, CWD, Emed and NEXUS / MOBILE apps. Additional supplementary products were developed new and launched on the market directly. The NEXT GENERATION software (NG) product platform is being developed within Nexus AG and supported by the creation of a separate development group.

Total expenses for developments in 2022 amounted to KEUR 39,023 in (previous year: KEUR 34,633), and consequently represented 18.7% of sales revenues (previous year: 18.4%). Of the total development expenses, KEUR 2,380 (previous year: KEUR 2,531) were capitalized. This corresponds to a capitalization rate of 6.1% (previous year: 7.3%). Depreciation on capitalized own development costs amounted to KEUR 4,053 (previous year: KEUR 4,070).

For the fiscal year 2023, it is expected that there will be an increasing number of developments requiring capitalization. A total of people 553 were employed in the development sector at the end of the fiscal year (previous year: 529 employees).

## ECONOMIC REPORT

### \_\_ Macroeconomic and General Industry-Related Factors

NEXUS sells mainly to customers in the public healthcare system domestically and abroad with focuses on Germany, Switzerland, the Netherlands, France, Poland and Austria. The order situation depends on the competitive environment as well as budget developments in the healthcare system of the individual countries. This was again demonstrated in the COVID-19 pandemic. There has been and will be increased investment in the healthcare system to remedy the weaknesses experienced at that time. Digitization is one of the main objectives of the investment projects.

This positive development was partly interrupted during 2022 by the consequences of the war in Russia, the energy crisis, economic development and inflation. There is still a risk that public finances in European countries will face increasing pressure due to these burdens and savings will be necessary. This can result in a reduction in the growth expectations of the NEXUS Group in the short and medium term. A reliable forecast of these developments is not possible at this time. However, the ongoing discussions about the hospital reform measures of the German government indicate that there will be changes in hospital financing in Germany.

At the moment, we still expect that improvements in healthcare through modern information systems will remain a fixed priority for the healthcare system of almost all countries.

This view is supported by the German Health information Act, the Ma Santé 2022 program in France and other similar programs in European countries. Significant resources for the digitalization of healthcare have been and will be made available in these programs in the coming years. Based on that, we are going to derive the priorities of our development for the coming years. On the other hand, economic developments are less important for the business development of the Nexus Group.

### \_\_ Technology Trends

The tracking of technological trends is an important part of the strategy development of the NEXUS Group. Technology decisions have a long-term effect in software development and significantly determine the long-term success of our company. In addition to our market observations and own developments, we follow the reports of research institutes (e.g., Nucleus's top 10 predictions for 2023, Gartner 12 TOP Strategic Technology Trends for 2023, and Forrester Predictions 2023) on current technology trends and thus create a framework for our technology strategy. We have classified the following trends as significant for us in 2023:

#### \_\_ Trend I: Chatbot Technologies

The language model "Generative Pretraining Transformer (GPT)" has attracted attention in recent months with the prototype chatbot "Chat GPT". Chatbots can provide human-like and adaptable answers to user questions by training them on large amounts of text data and other sources of information. Regardless of the concrete future of the prototype, it can already be said that AI-based language models represent a significant technology trend.

NEXUS also deals with the use of GPT technology, both in the field of customer communication as well as in medical text generation and software development. Very interesting product additions or efficiency gains can result in all areas.

#### \_\_ Trend II: Vertical Scaling of Cloud Platforms

Cloud-based platforms are increasingly changing toward the "Vertical Cloud" and "Distributed cloud" and are being "developed on" cloud-native platforms. In the "Distributed Cloud", cloud services are distributed across physical locations. However, the operation, control and development remain the responsibility of the public cloud provider (hyper regionalization). The advantage: Customers can continue to benefit from the public cloud and do not have to manage a private cloud, which can be costly and complex. To scale their business, companies also use specialized clouds for vertical markets.

Distributed cloud platforms and vertical cloud offerings are also increasing rapidly in healthcare. Cloud acceptance is now high in actual practice. Platform programs are developing at the same time, which will enable use of new technologies in a more flexible and scalable manner. The aim is to improve application portability and hosting flexibility with containers, abstractions and programming interfaces (APIs). These cloud-native platforms and technologies also make it possible to create new application architectures that are elastic and agile. They replace the traditional lift-and-shift approach to cloud migration, which has proven to be unsuccessful in many cases. The era of distributed enterprise software through cloud-native technologies such as container platforms and serverless computing as well as cloud-to-edge integrations has already begun according to the research institutes. NEXUS sees this trend as an opportunity. Our platform strategy especially enables us to innovate and become increasingly cloud-native.

### \_\_\_ Trend III: Virtualization of the Healthcare Market

Healthcare institutions are increasingly operating virtually: in administration, in telemedical applications and through biofeedbacks. The use of telemedicine has become more and more a matter of course for patients and healthcare professionals in recent months. We see this in actual practice every day. The healthcare landscape is expected to move further toward a digital model, especially as wearables, voice assistants and increasing connectivity become the norm.

The advantages are obvious: Predictive models and proactive recommendations of wearable devices enable personalized preventive medicine and will result in better health results. This will increasingly be done in the context of virtual care. It is easier to get an appointment, vital signs are monitored regularly and better information about health and lifestyle issues is made possible. Finally, advances in the development of AI technology through the further development of precision medicine and targeted drugs will result in more personalized healthcare. NEXUS is supporting this trend through its own telemedicine products (TKmed), portals (NEXUS / PORTAL) and participates intensively in research projects (e.g., at Charité Berlin) for the digital support of chronically ill people in the home environment.

### \_\_\_ Trend IV: Industry-Specific CRM Solutions

The horizontal CRM solutions that have dominated the market to date have their limitations when it comes to mapping industry-specific business processes. The industry solutions of the major CRM providers have so far not been able to fully meet the requirements of the markets for specific process support. In recent years, industry-specific CRM solutions have therefore become more and more popular. Brand differentiation, the shift to cloud services, and front office modernization are key drivers of this trend.

NEXUS became involved in the market of industry-specific CRM solutions for non-profit organizations and healthcare institutions at an early stage with the NEXUS / CRM division. The importance of patient and donor communication can hardly be overestimated for the long-term financing of these industries. We are still at the beginning of these developments, but we expect hospitals and residential-care institutions to demand CRM industry solutions relatively soon.

### \_\_\_ Trend V: Cyber security and the Internet of Behaviors (IoB)

Many cybercriminals have been active in the healthcare sector since the outbreak of the pandemic and the war. Facilities have been attacked and databases encrypted. It is assumed that the ransomware crime will again reach new dimensions in the coming years. Veritable "cartels" are increasingly forming, which coordinate their attacks in a targeted manner and pursue long-term strategies. Working from home, the progressive digitalization of society and the increasing online orientation offer many possibilities for phishers, hackers and extortioners. But governments, public agencies, and businesses are also using IT to control the specific behavior of employees and citizens. Wearables, phones, GPS trackers, facial recognition, time tracking, social media: The leftover "digital dust" is

used to analyze, reward (e.g., lower health insurance premiums) or punish (e.g., termination of insurance coverage) activities.

As a result, new technologies and procedures that protect the privacy of data are becoming increasingly important. The term privacy-enhancing computation encompasses new processes for processing personal data in untrustworthy environments. This includes building flexible, composite architectures (Cybersecurity Mesh) that integrate widely distributed and disparate security services and improve overall security. These check identity, context, and policy compliance in cloud and non-cloud environments.

NEXUS must incorporate these trends in architectural design and product development. We are particularly challenged in our sensitive environment, in which personal data is processed.

### \_\_\_ Trend VI: Change in the handling of legacy systems – wrap & trap

The change in the way in which we use legacy systems is one of the key trends for the NEXUS Group. The advancement, or potential elimination, or monolithic legacy systems has become increasingly important in hospitals. In many hospitals, most of the available resources are tied to legacy systems and gradual changes are too complex or too slow to meet the demands of digitalization. NEXUS is pursuing the strategy of gradually integrating legacy systems into the new IT infrastructure. Under the working title wrap & trap, we separate individual functionalities from the legacy systems and integrate them into a modern micro-service-oriented IT architecture. Encapsulated in this way, proven systems can continue to be used particularly for highly regulated areas (e.g., billing or patient management), and new architectures can be expanded. has defined wrap and trap methods as a strategy to modernize acquired systems and to implement modernization strategies in collaboration with hospitals.

### \_\_\_ Trend VII: Data Lakehouses Are Becoming the Center of Business Analytics

For several years now, data lakes have been increasingly used for data analysis tasks. The advantage over data warehouse systems is that unstructured raw data can be collected and analyzed in many formats without having to define structures first. Data warehouses, on the other hand, require well-defined schemas and are designed to answer large numbers of concurrent queries to many concurrent users.

Data lakehouses take advantage of improvements in data architectures and metadata management to collect all data on a common data platform. In addition, data lakehouses store the data in a way that makes it available to a variety of technologies, from traditional business intelligence and reporting systems to machine learning and artificial intelligence.

For NEXUS, this development is significant, because data lakehouses enable the use of data previously trapped in legacy or silo systems. By migrating the isolated data from old data warehouses to a centralized data lakehouse, medical information can be brought together and used for new evaluations.

## \_\_ Trend VIII: Creating Trust for "Artificial Intelligence (AI)"

The acceleration in AI development has been clearly noticeable in recent years. This is especially true in the medical field, where more and more AI applications are being used. This can be clearly seen in diagnostic and therapeutic applications, e.g., in radiology, ophthalmology and dermatology.

As artificial intelligence algorithms become more sophisticated and complex, persons responsible increasingly need to integrate governance, trustworthiness, fairness, reliability, efficiency, and data protection into AI operations. The framework AI TRiSM (AI TRiSM: Artificial Intelligence (AI) Trust, Risk and Security Management) developed by Gartner is representative of the requirement. It combines tools and processes that make AI models easier to interpret and explain, while improving overall data protection and security. Gartner predicts that organizations that operationalize AI visibility, trust, and security will see a 50 percent improvement in AI model outcomes related to acceptance, business goals, and user adoption.

NEXUS is involved in the integration of artificial intelligence algorithms in various areas of software development. Especially in the medical field, the aspect of "being able to easily explain and understand AI results" is of particular importance. Physicians must be able to identify the basis on which AI provides a diagnostic recommendation and explain it to their patients.

## \_\_ Trend IX: Technology, Sustainability and Green Coding

Customers, investors, legislators and employees: Meanwhile, the demand for more sustainable products and practices is widely shared among all corporate stakeholders. The focus is not only on adding value to the business itself, but also on whether technology can provide a smarter way to a more sustainable future. In this sense, work on new technologies will also be in a targeted manner for individual employees and investors. The requirements for compliance with ESG factors document this view and show that an increasing trend toward meaningful technology is developing. The role of NEXUS as a technology provider is also changing rapidly in this sense. We are already assessing all development projects for their environmental and social impact – both at our company and at our customers – and are focusing our development capacities on this area. This also includes our initiatives on the topic of "Green Coding", which we have consistently followed and documented in our Sustainability Report.

## \_\_ Trend X: Development of Super Apps

Gartner sees the development of super apps as new ways of addressing customers. Super apps combine some of the features of a regular app with the features of an app platform and ecosystem, according to the research institute. Super apps not only have their own differentiated functions, but can also be combined with third-party applications based on a common data model.

This development is currently in full swing in the healthcare sector. The multitude of apps that doctors and nurses are supposed to use for monitoring, documentation and control are already exceeding the acceptance limits. Super apps play a consolidating role in this

respect. With its own mobile platform, NEXUS has the opportunity to develop offers here.

## \_\_ Outlook

Tracking key technology trends is a key aspect of the NEXUS development strategy. As part of our strategic planning for 2022-2026, we have also revised our technology strategy. Topics such as "Data Lakehouses", "Industry-specific CRM solutions" or "Vertical cloud native platforms" have already become part of our development program. "Chatbot technologies" will be incorporated into our development planning in the coming months and other areas of "artificial intelligence" will be pursued intensively as part of research projects and prototype development.

We need to continue to pay particular attention cybersecurity on all levels, both for our internal systems and for the customer systems. "Privacy-enhancing" computation plays a key role in this.

The trend towards sustainability and in this context towards green coding has also found a firm place in our development strategy and is already recognizable in the new software generation.

## \_\_ Competitive Environment and Market Position

NEXUS is well positioned on the market as an innovative solution provider in the European healthcare sector. Our successes, growth and the number of installations has led to an increase in the name recognition of the NEXUS. We continued to pursue further expansion of our European activities in a sustainable manner in 2022 and consequently achieved an increase in sales.

However, the fiscal year was initially difficult. We had to take numerous measures to counter the pandemic restrictions, the shortage of skilled workers and the consequences of the war. The war in Russia forced us to temporarily suspend our business there in 2022. However, the contribution to sales and earnings is relatively small. However, we were able to achieve strong sales and results as well as achieve a record number of incoming orders.

The digitalization of healthcare programs has helped us expand our market share in Germany and France. However, we were also able to achieve significant increases in sales in Switzerland, Austria, the Netherlands, France and Poland. New customers were won last year in all product areas. The products NEXUS / CWD, NEXUS / HIS<sup>NG</sup>, NEXUS / CHILI and NEXUS / PEGASOS enjoyed particular success in this regard, which developed positively in the area of licensing, care and service income. In the area of overall systems, we were able to win some important orders, especially in Germany, the Netherlands, Poland and Switzerland.

The market for software systems in the healthcare sector is still characterized by tough competition and high concentration of suppliers. Consolidation within our sector continued to progress considerably in 2022. In 2022, the takeover of the healthcare IT company Cerner Corporation, North Kansas City (USA) by Oracle Corporation, Austin (USA) was completed for a total price of USD 28.3 billion. SAP Deutschland SE & Co. KG has announced that its product "Patient Management" will be phased out. Medifox (D), a



healthcare company, was sold to US-based Resmed, and UK-based EMIS Group Plc. was sold to a US-based subsidiary of the United Health Group.

NEXUS belonged to a slight extent to one of the active consolidators on the market in 2022 and strengthened its position with acquisitions in Switzerland and in Germany. It can be assumed that the consolidation pressure will continue in the coming years and that the new market situation will lead to shifts. NEXUS was able to continue benefiting from its strong consolidation and take advantage of the opportunities offered by its independent position in the market. NEXUS is one of the leading competitors in Europe in terms of total annual revenue.

## \_\_ Key Financial Performance Indicators

The key financial performance indicators (KPI) for NEXUS, namely "Revenue" and "Earnings Before Taxes" experienced positive growth within the Group. Nexus's significant non-financial performance indicators (KPIs) are environmental concerns.

## \_\_ Business Performance

### \_\_ Presentation of the Asset, Financial and Profit Situation

#### \_\_ Profit Situation

In 2022 NEXUS has consolidated sales of KEUR 209,128 after KEUR 188,178 in 2021. The increase in sales amounted to KEUR 20,950 or an increase of 11.1% compared to the previous year. The strong increase in sales had a positive impact on the earnings situation due to the economies of scale.

In the financial year, a total of KEUR 2,380 of own services were capitalized, which is approximately 6% less than in the previous year (previous year: KEUR 2,531). Other operating income increased from KEUR 5,312 in the previous year by KEUR 364 to KEUR 5,676, including non-recurring income from the derecognition of current liabilities in the amount of KEUR 2,105. The cost of materials was KEUR 35,049 and increased by 10.9% to compared to the previous year (KEUR 31,614); the increase was thus higher than the increase in sales in percentage terms. The increase in personnel expenses from KEUR 107,095 to KEUR 117,847 (10.0%) mainly results from the increase in the number of employees and personnel costs incurred as a result of the company acquisitions of the fiscal year.

EBITDA 2022 reached KEUR 44,292 (after KEUR 40,770 in 2021) and was thus 8.6% above the previous year. Depreciation amounted to KEUR 16,504 (previous year: KEUR 16,656). This mainly concerns scheduled depreciation on capitalized development costs, technologies and customer relations.

EBT improved significantly from KEUR 23,055 in the previous year to KEUR 27,260 (18.2%). This outperformed the forecast, slightly increasing sales as well as the forecast slightly increasing EBT.

The Group annual surplus increased compared to the previous year (KEUR 17,459) to KEUR 19,769 (13.2%). The lower increase in

consolidated net income compared to the EBT can be explained by the tax rate of 27.0%.

In the NEXUS / DE division, sales of KEUR 67,119 were realized after KEUR 62,723 in the previous year (7.0%). In the NEXUS / DIS division, sales of KEUR 46,513 were realized after KEUR 40,786 in the previous year (14.0%). In the NEXUS / ROE division, sales of KEUR 95,496 were realized after KEUR 84,669 in the previous year (12.8%).

Slightly increasing sales 2022 were assumed in the forecast report 2022. This forecast was slightly exceeded. The initial consolidation of the oneICT AG, Wallisellen, IFMS GmbH, Saarbrücken, Zwicky Electronic AG, Bottighofen, HeimSoft Solutions AG, Zollikofen and GePaDo - Softwarelösungen für Genetik - GmbH, Dresden affected sales by the amount of KEUR 3,683.

EBT within the segments developed as forecast. The NEXUS/ DE division had significantly improved EBT from KEUR 10,423 in the previous year to KEUR 5,740 (81.6%). The NEXUS/ DIS division had improved EBT from KEUR 7,097 in the previous year to KEUR. 6,700 (5.9%). In the NEXUS / ROE division, sales of KEUR 9,740 were realized after KEUR 10,615 in the previous year (-8.2%). The initial consolidation of oneICT AG, Wallisellen, IFMS GmbH, Saarbrücken, Zwicky Electronic AG, Bottighofen, HeimSoft Solutions AG, Zollikofen and GePaDo - Softwarelösungen für Genetik - GmbH, Dresden affected EBT by the amount of KEUR 350.

The development of the earnings situation of the Nexus Group is positive from the point of view of the Executive Board.

#### \_\_ Asset situation

Goodwill and brands with an indefinite useful life of KEUR 117,972 (previous year: KEUR 111,739) have risen significantly. This is mainly due to the inflows of goodwill in the context of the acquisitions in the reporting period. For the other intangible assets in the amount of KEUR 33,985 (previous year: KEUR 37,784), which are composed mainly of our own capitalized developments as well as acquired technology and customer relations, there were no indications of value reductions in 2022. Intangible assets total KEUR 151,957 (previous year: KEUR 149,523) and thus to 44.2% (previous year: 60.5%) of the balance sheet total.

As of 31/12/2022, inventories decreased by KEUR 697, mainly due to hardware inventories.

Trade and other receivables increased by 19.5% and amounted to KEUR 38,154 on 31/12/2022 following KEUR 31,930 in the previous year.

Cash and cash equivalents short-term cash management and forecasts amounted to KEUR 110,019 as of 31/12/2022 (previous year: KEUR 26,172). This corresponds to 32.0% (previous year: 10.6%) of the balance sheet total.

The equity capital of NEXUS Group amounted to KEUR 238,946 on the cut-off date following KEUR 142,403 in the previous year, which corresponds to an equity capital rate of 69.4% (previous year: 57.6%).

A dividend of EUR 0.20 per share (previous year: EUR 0.19) was paid to stockholders in 2022.

The contract liabilities amounting to KEUR 16,610 (previous year: KEUR 13,859) relate essentially to the down payments received from customers for software projects.

### \_\_\_ Financial situation

The inflow and outflow of funds is shown in the cash flow statement. In 2022, the cash flow from operating activities amounted to KEUR 33,875 and was thus slightly higher than the level of the previous year (KEUR 31,386). The cash flow from investment activities was KEUR -98,552 as of the balance sheet date (previous year: KEUR -21,249). Payments for investments in short-term cash management and forecasts as well as for intangible assets and payments for acquired companies were the focus of investment activities. The cash flow from financing activities amounted to KEUR 57,969 (previous year: KEUR -11,084) and mainly includes payments from capital increases. for dividends payments, payments for the repayment of lease liabilities, incoming and outgoing payments for the sale and purchase of treasury stock and the acquisition of non-controlling interests of already fully consolidated companies as well as incoming payments from capital increases.

No loans were taken from banks in the fiscal year. Existing credit lines at banks did not have to be used.

### \_\_\_ Investments / Acquisitions

Please refer to the "Business model" section of the consolidated financial statements to learn about changes to the Nexus AG ownership structure.

### \_\_\_ Principles and Objectives of Financial Management

NEXUS financial management targets ensuring the financial stability and flexibility of the company. A balanced ratio between own and outside capital plays an essential role in this. The capital structure of NEXUS Group is composed of 69.4% equity capital, 11.5% long-term debts and 19.1% short-term debts. The long-term debt consists of pension obligations and other non-current liabilities. The current liabilities essential concern accruals, other financial liabilities and trade payables.

## INFORMATION RELEVANT TO ACQUISITIONS

### \_\_\_ Composition of Subscribed Capital and Stock Exchange Listing

NEXUS AG is listed on the Frankfurt securities market in Prime Standard under securities identification number (WKN) 522090. The subscribed capital in the amount of EUR 17,274,695.00 (previous year: EUR 15,814,695.00) is composed of the following: Common stocks: 17,274,695 shares (previous year: 15,814,695 shares) at the accounting

par value of EUR 1.00 each. Refer to the German Stock Corporation Law (Subsection 8 ff AktG) for information about the rights and obligations with respect to the individual den share certificates. A total of 17,229,256 shares (previous year: 15,801,450) have been issued as of the cut-off date.

### \_\_\_ Type of voting right control in the case of employee participations

There is no separation between voting right and stock for the employees with capital shares. Employees can exercise control rights directly.

### \_\_\_ Appointing and dismissing Executive Board members and amendments to the articles of incorporation

There are no more far-reaching provisions in the articles of incorporation beyond the statutory provisions for the appointment and dismissal of Executive Board members. In addition, there are no essential bylaw provisions, which deviate from legal regulations and flexible regulations.

### \_\_\_ Rights of the Executive Board in terms of the ability to issue or buy back shares, authorization to purchase treasury stocks

With its resolution on 12/05/2017, the Annual General Meeting of Nexus AG authorized the Executive Board to purchase treasury stocks up to a total amount of 10% of the capital available upon convocation of the Annual General Meeting prior to 30/04/2022, namely to purchase a maximum of 1,573,566 no-par value shares with a respective book value of EUR 1.00. The Executive Board is authorized to redeem the purchased treasury shares with the approval of the Supervisory Board without further shareholders' resolution as well as the shareholders' subscription rights in the case of the use of the treasury shares subject to the detailed provisions of point 7 from the agenda of the Nexus AG Annual General Meeting, as published in the Federal Gazette on 17 May 2017. The hitherto existing authorization of 18 May 2015 was thus revoked.

The Executive Board is also empowered to offer the stocks purchased with approval of the Supervisory Board to a third party within the context of company mergers or at purchase of companies or participating shares in companies. The subscription rights of stockholders to their own stocks are insofar excluded.

With regard to the information pursuant to Section 160 (1) no. 2 of the German Stock Corporation Law (AktG), we refer to the Appendix.

### \_\_\_ Authorized capital

The Executive Board is empowered to increase the capital stock of the company in the period until 31 March 2026 with approval of the Supervisory Board one time or several times up to a total of EUR 3,100,000.00 via issue of new no-par bearer stocks (individual share certificates) against cash and/or capital subscribed in kind (authorized capital 2021). The new shares can also be issued to employees of the company or an affiliated company. The Executive Board shall decide about the conditions of the stock issue subject to

approval by the Supervisory Board. The Executive Board is also empowered – subject to approval by the Supervisory Board – to decide about the exclusion of stock rights of stockholders in the following cases:

- + For fractional amounts
- + For issue of new stocks to employees of the company or an affiliated company
- + For issue of new stocks against capital subscribed in kind for purchase of companies, company parts or shares in companies
- + At issue of new stocks against cash investment, if the issue amount of the new shares does not fall substantially short of the already the listed price of shares already listed on the securities markets of the same class and same investment at the time of final determination of the issue amount by the Executive Board in the sense of Sections 203 (1) and (2), 186 (3) sentence 4 of the German Stock Corporation Law (AktG) and the proportional amount of the capital stock for the new shares does not exceed 10% of the capital stock existing (EUR 15,752,231.00) at the time of entering this empowerment in the commercial register and – cumulatively – 10% of the new stocks existing at the time of the issue, for which the subscription right was excluded. The proportional share of capital stock is to be deducted at the highest limit of 10% of capital stock, which applies to the new or repurchased shares, which were issued or sold since entry of this empowerment in the commercial register with simplified purchase right exclusion pursuant or corresponding to Section 186 (3) sentence 4 of the German Stock Corporation Law (AktG) This applies as well to the proportional share of capital stock, which refers to the option and/or conversion rights from option and/or convertible bonds and/or conversion requirements, which were issued or sold since entry of this empowerment in the commercial register pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Law (AktG).

## **Contingent capital**

The capital stock of the company was increased conditionally by KEUR 1,400 via issue of up to 1,400,000 registered share certificates with an accounting par value of EUR 1.00 each (contingent capital 2012). The contingent capital serves for securing purchase rights from stock options, which were granted based on the empowerment of the annual general meeting of Nexus AG on 23 May 2012. The contingent capital increase will only be carried out insofar as stock options are issued, the bearers of these share options use their subscription rights and the Group does not offer treasury shares to fulfill subscription rights.

Contingent capital in the amount of KEUR 1,400 was created (contingent capital 2012) with the annual general meeting resolution of 29/04/2022.

The contingent capital amounted to KEUR 0 (previous year: KEUR 1,400) in the fiscal year.



# CORPORATE GOVERNANCE

## STATEMENT AND COMPLIANCE

### STATEMENT

The (Group) declaration on corporate governance as well as the declaration of conformity pursuant to § 161 of the German Stock Corporation Act (AktG) were published on the company website: <https://www.nexus-ag.de/unternehmen/investor-relations/ESG-Nachhaltigkeit>.

## SEPARATE NON-FINANCIAL

### STATEMENT

The Non-Financial Group Report in accordance with Sections 315b and 315c of the German Commercial Code (HGB) in conjunction with Sections 289c and 289e HGB was published on the company website <https://www.nexus-ag.de/unternehmen/investor-relations/ESG-Nachhaltigkeit>.

## OPPORTUNITIES AND RISKS

The business operations of NEXUS Group are associated with opportunities and risks. Nexus AG has introduced a risk control and monitoring system for early detection, valuation and correct handling of opportunities and risks. The system covers Nexus AG including all majority-owned subsidiaries and is the responsibility of the Executive Board and the managing directors of the subsidiaries.

In addition, NEXUS is confronted with short-term, mid-term and long-term strategic and operative risks as a result of changes and stumbles within the regulatory environment of the industry and the in-house provision of services. Risks from the war in Ukraine, the energy crisis and the COVID-19 pandemic exist currently in addition. Although NEXUS successfully managed the risks in 2022 and before that, the further course of crises could result in reduced revenues, higher costs, customer solvency issues and/or staff availability issues. NEXUS has focused risk management on all these aspects. The opportunities and risks listed below pertain to all three segments of the NEXUS Group.

### \_\_\_ Opportunity Report

#### Market and industry environment:

There are decisive chances, which could entail a considerable change of the economic situation at NEXUS, in the **market and industry environment** as well as in the development of the pandemic. NEXUS Group earns its sales revenues mainly from the sale of software licenses and services for the healthcare system in Germany,

Switzerland, Austria, the Netherlands, France, Poland and Spain. The current macroeconomic environment is unstable and highly dependent on the further development of the energy crisis, the war, a possible recession, rising inflation as well as the development of the pandemic. In many European public budgets, medium-term budget cuts are to be feared, which also have an impact on the financing of public investments. In European countries, this includes the healthcare system and in particular hospitals. On the other hand, there are opportunities arising from the state programs to strengthen the healthcare system. In Germany in particular, considerable funds are being made available for the digitization of the healthcare system within the framework of the Hospital Future Act. It is striking that the digitization strategies of the public sector and many providers are now being conceived and designed across sectors, i.e., involving family doctors, rehabilitation institutions and patients. This is a development that will sustainably improve the efficiency of health IT.

According to the current forecast of the research and consulting firm Gartner, global IT spending is expected to rise by 2.4% to € 4.2 billion next year. Even more significant growth is seen in the area of enterprise software, which is expected to increase by approx. 9.3%.

The current global growth expectations for information technologies in the healthcare sector are very positive. Long-term forecasts assume average growth of 14% between 2022 and 2030 (GMI232, from 09/2022), and other forecasts even assume a GAGR of 18.5% in the period 2019-2030 (Emergen Research 2022). Regardless of the actual growth increase, published forecasts for the healthcare IT market indicate good prospects for the coming years. Currently, the market is primarily influenced by the digitization programs in many European countries. However, the positive assessments could be challenged by the high cost of solutions, implementation and infrastructure, as well as data security concerns.

Even if the figures do not provide direct information about revenue effects in relation to NEXUS Group, NEXUS assumes that the target group (somatic and psychiatric hospitals, medical care centers, rehabilitation, senior citizen and nursing homes as well as diagnostic center) will also continue to participate in the trend to increasing investments in business software. This provides considerable chances for NEXUS to achieve above-average growth. We therefore continue to be well equipped to take advantage of the opportunities on the market, attract new customers and improve our margin.

#### Technology and market position:

Our **technology**, our **market position**, our new **acquisitions** and our previously installed **customer base** are an excellent basis for this. The technology strategy of the Nexus Group, in particular the modular approach of our solutions, is becoming increasingly accepted on the market. The success of NEXUS is reflected in the large number of tenders won and new customer orders. We can use the current market situation (product discontinuations and multi-product problems at competitors) to present ourselves as an agile and focused company on the market. Nevertheless, the risks in our business remain. The risks relevant to the NEXUS Group are discussed in detail in the following risk report.

## \_\_\_ Risk Report

### \_\_\_ Basic principles

#### \_\_\_ Risk management

NEXUS has implemented an internal monitoring system as well as controlling instruments and risk management appropriate for its relations. In addition to intensive cost and result management, which is monitored within the framework of management supervisory board meetings at regular intervals, there is a risk management manual. The primary objective of financial risk management is to define the acceptable risk and ensure that risks are not taken beyond the risk limits. The operational and legal risk management measures are designed to ensure the proper functioning of internal policies and processes, thereby minimizing operational and legal risks. The risk management system is explained in detail in the following sections.

#### \_\_\_ Identification

NEXUS has identified the following risk groups:

- + Customer projects
- + Development projects
- + Lack of market acceptance of products
- + Expertise leaving the company
- + Risks of information security
- + Reputation
- + Data security and data protection
- + Occupational safety
- + Process risks
- + Regulatory and tax risks
- + Fraud risk

- + Development of subsidiaries

- + Macroeconomic and political risks

#### \_\_\_ Organization

Reporting, documentation and development of measures are regulated in the risk manual of Nexus AG. The Executive Board checks its implementation at regular intervals. In 2022, nine risk reports were submitted to the Executive Board from the offices responsible for them, and the Executive Board evaluated them.

Purchasing is essentially order-related and arranged after discussing and agreeing on this with the project manager responsible. Payments are approved by the Executive Board at Nexus AG and by the respective managing director at the subsidiaries. The personnel settlement process for the domestic companies is carried out centrally in Donaueschingen and is subject to the double verification principle.

An Oracle database is used for recording performance of the development department. Steering is via quarterly planning. NEXUS Group uses ERP software (Enterprise Resource Planning), with which information is made available for workflow process and internal controls as well as for the purposes of reporting. In addition, there is regular exchange of information between the finance departments of the decentral subsidiaries and the central Group finance department.

Increased attention is being paid to the development of business areas. They report their results monthly to the Executive Board. The Executive Board is directly involved in decisive decisions. For the control and monitoring, the subsidiaries are currently combined according to products and markets, and they are in turn allocated to the three segments NEXUS / DE, NEXUS / DIS and NEXUS / ROE.

#### \_\_\_ Valuation and control

The following table shows the risks of the NEXUS Group before risk management (gross risk):

Risk type	Probability of occurrence	Compared with previous year	Degree of financial impact	Compared with previous year
<b>Operational risks</b>				
Customer projects	High	→	Low	↓
Development projects	High	→	Average	↑
Lack of market acceptance of our products	Average	→	Average	→
Expertise leaving the company	High	↑	Average	↑
Information Security risk	Average	↑	Average	↑
Reputation	High	↑	Average	→
Data security and data protection	Particularly high	↑	Average	↑
Occupational safety	Low	→	Low	→
<b>Legal and compliance risks</b>				
Process risks	High	↑	Average	↑
Regulatory and tax risks	High	↑	Average	↑
Fraud risk	Low	→	Low	→
<b>Financial risks</b>				
Performance of subsidiaries	Particularly high	↑	Low	↓
General economic and political risks	High	-	Average	-

## \_\_\_ Operational risks

### \_\_\_ Customer projects

Implementation problems, especially technical ones, could result in penalties or undoing in the existing large projects, which could affect revenues and the market reputation negatively. Non-payment and payment delays in large projects due to temporary shortage of liquid funds or customer refusal to pay can result in liquidity problems for the company, especially when substantial advance performances are provided in large projects. Non-payment risk concentrations are created temporarily in the Group especially within large projects. The maximum risk amount is derived from the book value of the capitalized receivables and – if applicable – from damage claims or liability claims. This risk is reduced to the greatest extent possible by the agreement to provide down payments. Non-payment risks or risks that a contractual partner cannot fulfill his payment obligations are controlled actively within the framework of debt management (e.g., credit checks).

It is also to be feared that the potential for implementing large-scale projects in hospitals and providers is partly lacking. In most of these hospitals, there is a lack of staff and organizational strength to achieve ambitious digitization goals.

### \_\_\_ Development projects

In the context of development projects, there is a risk of cost overruns if the planned man-days are not sufficient to complete the project, in particular if the project cannot be implemented technically. Development projects are subject to fixed deadlines. Exceeding these limits can result in considerable financial effects. Another risk is that development projects do not meet market needs. Through milestone plans with an integrated controlling process, NEXUS counteracts this risk and specifically counteracts it by regularly reassessing the market acceptance of the individual development projects.

### \_\_\_ Lack of market acceptance of our products

There is a risk that the high development state achieved by NEXUS is lost due to competitor innovations and consequently market shares lost. Risks also exist during the scheduling and budgeting of developments as well as in the design and quality of our developments, which can cause substantial effects on marketing and cost positions if scheduling and budgeting deviate from marketing specifications. In software development, third-party products are also used in part, the loss of which or if there is deficient technological quality could result in delays of our own software deliveries. Nexus AG faces these risks with annual, quality-checked releases, which go through a pre-defined quality management process.

Degree of financial impact		Probability of occurrence			
		Low	Average	High	Very high
		≤ 30 %	> 30 % to ≤ 50 %	> 50 % to ≤ 80 %	> 80 %
Existential risk (high)	≥ 50 MEUR				
Significant risk (medium)	≥ 1 MEUR				
Relevant risk (low)	≥ 100 TEUR				

### — Expertise leaving the company

The development of NEXUS AG is strongly dependent on the knowledge and Group-wide willingness to perform of its staff. There is a risk in principle to lose competent employees due to fluctuation and consequently lose market advantages. If a larger number of core know-how staff members leave the company, this can result in substantial difficulties in operational business dealings, at least in the short term. In addition, the labor market has experienced a lack of specialists for years. NEXUS counters this risk with active personnel development, an important component for far-sighted and reliable safeguarding of our human resources.

### — IT security and availability

Different risks may arise in the area of IT security and availability, which can result in penalty and recourse claims. Interventions and attacks by third parties (e.g., trojans and hackers) on the IT system of Nexus AG (external threat to IT security) pose a latent risk to IT security. In the area of performance and thus the availability of IT servers for our customers, there is another risk, which has a direct impact on IT availability. These risks can have serious material consequences for Nexus AG and its subsidiaries, since they depend on a functioning IT infrastructure. This risk is minimized by regular monitoring of the IT systems and ensuring the accessibility of the IT servers as well as redundant data backup.

### — Reputation

Reputational risk can have material effects on Nexus AG and its subsidiaries. It can occur due to the deterioration of the general asset, financial and revenue situation of Nexus AG, deterioration of its reputation on the capital market as well as a recall action of faulty software and misalignments in large projects. This risk is counteracted accordingly by regular review schedules by the persons correspondingly responsible persons.

### — Data security and data protection

Data security is understood to mean the protection of data by measures and software against loss, corruption, damage or deletion. This also means the protection of the individual from being impaired by the handling of his personal data in his right to informational self-determination. Data security is a prerequisite for data protection. It is an essential part of overall information security and also serves to prevent and combat cybercrime.

### — Occupational safety

Occupational safety is the safety of employees at work, i.e., the control and minimization of risks to their safety and health. Consequently, it is an integral part of occupational health and safety within the meaning of the Occupational Health and Safety Act, which requires measures to prevent accidents at work and Safety and Health at Work Act related health hazards, including measures for structuring work in according with the needs of people. Anyone who commissions or permits work as an entrepreneur or as a work commissioned by the entrepreneur that does not comply with the rules and standards of the respective industry can be personally prosecuted under criminal and civil law. A work safety officer for the Group has been appointed to minimize risks, who monitors occupational safety and trains employees accordingly.

### — Legal and compliance risks

### — Process risks

As a company listed on a stock exchange, Nexus AG is currently much more vulnerable than before in terms of the visibility of disputes. Significant risks could arise from commission suits brought by sales agents and employees, actions brought by shareholders for lack of equal treatment, information violation and customer actions for non-performance, nonfulfillment or damages. This risk is counteracted by a higher process reliability by means of our documentation.

### — Regulatory risks

At Nexus AG there are regulatory risks due to legal changes (especially the medical requirements for medical devices and regulatory changes with an impact on customer settlements), regulatory changes with regard to the capital market and regulatory changes in the accounting regulations (German Commercial Code [HGB, IFRS and tax law). These risks can have an impact on the operating business of Nexus AG and thus have an impact on the software development of Nexus AG and its subsidiaries. There is a risk of penalties from our customers. Regulatory risks with regard to the capital market can significantly increase the scope of the required activities in the framework investor relations. Furthermore, there is the risk of penalties imposed by the Federal Financial Supervisory Authority (BaFin) as and as the risk of back tax payments due to domestic and foreign audits. Changes in the rendering of accounts regulations may have an impact on the results of the consolidated and annual financial statements. The annual and consolidated financial statements are prepared centrally in Donaueschingen. The process of composing the year-end report is monitored centrally by the Chief Financial Officer as well as by the Executive Board of Nexus

AG. The double verification is maintained on principle each time. Regular monitoring of the legal environment, relevant capital market laws and accounting regulations minimizes this risk.

#### \_\_\_ **Fraud risk**

Fraud is understood to mean fraud, deception, bogus transactions or embezzlement in business enterprises. Fraud is the deliberate action of one or more managers and/or employees to obtain an unjustified or illegal advantage. Fraud is caused by the combination of three factors: Motivation is usually seen as a financial need (enrichment), which can also arise from subjectively perceived pressure (e.g., through bonus agreements/targets). The perpetrator must be able to justify the act to himself. Justification can be, for example, "I am entitled to the money anyway," "This is how I create justice." or "I can't achieve my goals any other way." The perpetrator has the opportunity (e.g., through the position of the employee or weaknesses in the internal control system due to "management override") to commit an offense. This risk is counteracted by regular monitoring of the cash and account balance of the business unit as well as ensuring functional controls within the framework of the ICS.

#### \_\_\_ **Financial risks**

##### \_\_\_ **Risks due to the performance of subsidiaries**

In the case of subsidiaries, different risks may arise due to the need to devalue the investment approaches, over-indebtedness and liquidity problems as well as integration problems. Due to the great number of subsidiaries, these risks must be regarded as particularly serious, since the misalignment of individual subsidiaries/profit centers can substantially influence Nexus AG overall. To minimize these risks, monthly business review dates, calendar quarterly reviews of business prospects and plans as well as the Executive Board's handling of integration plans are undertaken.

##### \_\_\_ **Macroeconomic and political risks**

In particular, these are risks that may arise from political changes or the influence of macroeconomic developments. Nexus currently markets products and services in locations in 10 countries. Both the establishment of business relations in these countries and the business activity itself are associated with the usual risks for international business. In general, particular attention must be paid to the prevailing general economic or political situation of the individual countries, the clash of different tax systems, legal obstacles such as import and export restrictions, competition rules as well as regulations for the use of the internet, or guidelines for the development and provision of software and services. NEXUS counteracts these risks by regularly consulting national consultants at the time of market entry and in the further course of business in these countries and by maintaining an exchange with the local authorities. In principle, however, risks that can arise from changes in macroeconomic factors can never be completely excluded.

##### \_\_\_ **Monitoring and reporting**

Controlling the internal monitoring and risk management system is the responsibility of auditing committee of the Supervisory Board. The

risk manual of Nexus AG defines detailed measures for early risk detection, reporting and the respective risk holders.

#### \_\_\_ **Summarized depiction of the chance and risk situation of the NEXUS Group**

NEXUS as well as its subsidiaries work according to a uniform method of chance/risk analysis and chance/risk management. Early detection of risks is given decisive importance in this. In a risk-bearing capacity calculation, the gross risks are determined and shown as net risks after risk avoidance/mitigation measures and compared with the risk coverage potential (equity at book values).

The monitoring of risks by unambiguous key figures (sales and EBT) enables a clear assessment and its significance.

From the perspective of individual risks and from an overall risk position, it can currently be seen that the continued existence of the company is not endangered. At the same time, management still sees considerable potential for improving the risks and opportunities position of NEXUS Group.

#### \_\_\_ **Internal monitoring and risk management system with respect to the accounting process**

The internal monitoring and risk management system has the objective with respect to the accounting process to ensure the appropriateness and effectiveness of accounting and financial reporting. The annual and consolidated financial statements are prepared centrally in Donaueschingen. The process of composing the year-end report is monitored centrally by the Chief Financial Officer as well as by the Executive Board of Nexus AG. The double verification is maintained on principle each time.

## OUTLOOK FOR 2023

We presented our outlook until 2026 at the Berenberg German Corporate Conference in Munich in 2022. We remain very optimistic for the period up to 2026. Thanks to the positive market environment in the digitalization of the healthcare system and the numerous government funding programs, we at the NEXUS Group continue expect average organic sales and revenue growth until 2026. The key to this assessment is our strong product positioning and the focus on interoperability of our systems. In addition, we plan to achieve further growth through company acquisitions.

In 2022, we were able to win a large number of tenders for the NEXUS Group and are starting 2023 with a high order backlog in the Group. We expect a large number of further tenders in 2023 and are optimistic that we will generate additional order backlogs in the NEXUS Group. As much as we are pleased with this development as a provider, it is to be feared that the positive development will be limited by a lack of potential for implementation in hospitals. In most of these hospitals, there is a lack of staff and organizational strength to achieve ambitious digitization goals. Uncertainties about the further course of investment could also arise if the financing of the projects becomes more difficult in many countries in the coming months. Financial shortages in public and hospital budgets could result in projects being postponed or canceled.

Our outlook still currently assumes that the business consequences of the numerous crises will remain small for NEXUS in the future. Especially with respect to costs for staff and energy, we must continuously evaluate further developments of the war, inflation, the pandemic, other possible crises and – not the least – the shortage of skilled workers – and make adjustments there if necessary. Our planning also takes into account further investments in internationalization as well as the expansion of our product range. Should significant changes occur in the consolidated Group in 2023, this could result in a change in planning.

We are therefore starting the year 2023 with a positive expectation for Nexus AG and its subsidiaries. We will closely monitor the risks and take suitable measures if necessary. At the same time, however, we will also take advantage of the opportunities that arise here. In 2023, we will continue to focus on: them. We need to implement our large projects with high quality, internationalize products and actively address new sales opportunities.

Nexus AG expects sales to increase slightly in all three segments and EBT to rise slightly.

Nexus AG  
Donaueschingen, 03/03/2023

The Executive Board

Dr. Ingo Behrendt      Ralf Heilig      Edgar Kuner