Annual Report 2019

Financial Highlights for the Business Year 2019

	2019	2018	Change
Sales and operating result	**KEUR**	**KEUR**	**(in %)**
Sales	147,648	136,469	8.2
Healthcare Software Sales	139,597	125,904	10.9
Healthcare Service Sales	8,051	10,565	-23.8
Domestic sales	78,747	73,700	6.8
Sales in foreign countries	68,901	62,769	9.8
Operating Result	17,444	15,181	14.9
Group result before tax on income (EBT)	16,862	14,929	12.9
Group results before interest and taxes on earnings (EBIT)	17,444	15,181	14.9
EBITA	21,676	18,335	18.2
EBITDA (unadjusted for IFRS 16 effect)	33,947	26,708	27.1
EBITDA (adjusted for IFRS 16 effect)	29,570	26,708	10.7
Consolidated surplus	12,121	10,996	10.2
Cash flow from current business transactions	24.618	20,241	21.6
Cash flow from investment activities	-7,010	-17,164	-59.2
Net income per share (undiluted/diluted)	0.69 / 0.69	0.69 / 0.69	0.0 / 0.0
Share price (closing price on 30 December, Xetra, in EUR)	34.60	24.50	41.2
Ongoing development costs and depreciations			
Capitalization of software developments	3,850	4,130	-6.8
On-going investments in software development	26,064	22,688	14.9
Depreciation	16,503	11,527	43.2
Acquisition-related depreciations from purchase price allocation	4,232	3,154	34.2
Assets, Equity Capital and Payables			
Fixed Assets (without deferred taxes)	134,650	121,931	10.4
Current Assets / Short-Term Assets	69,766	85,217	-18.1
Net Liquidity	35,204	27,016	30.3
Equity Capital	115,135	108,325	6.3
Employees (annual average)	**1,296**	**1,153**	**12.4**

Due to rounding, there may be slight deviations in the totals and in the calculation of percentages in this report.

Contents of the Annual Report 2019

Letter to Our Stockholders

Dear Stockholders:

2019 was an eventful year for NEXUS and for the e-health industry as a whole. The digitization of health care has now been declared a core strategy in almost all European economies, and the industry is receiving a high level of attention from politicians and investors.

In connection with this, we saw a new wave of consolidation on the provider side in 2019 and early 2020 and the interest of financial investors in the e-health market has increased sharply. This development is obviously continuing in 2020.

NEXUS has repeatedly participated in consolidations in the past and in this way expanded its portfolio and scope of action. Until now, we have not participated in the acquisition of purely competitive products with low product synergies. We see a risk that refinancing the currently high purchase prices will lead to a heavy burden on the customer / supplier relationship. We would lose the focus on our goal of implementing future-oriented e-health projects together with our customers.

In this environment, it is all the more important that NEXUS proves to be a company that focuses on customer orientation and innovation. This is an important message in this transition phase: Being close to our customers' needs remains our top priority. Hospitals rely on us to improve our software solutions continually to facilitate the daily work of nurses and doctors. Thanks to our innovative "Buy-and-Build Strategy", we have created an impressive product portfolio in recent years that is tailored precisely to these hospital requirements.

The NEXUS team is therefore all the more pleased that we were able to show very positive development of our company in 2019. We continue to grow strongly, have increased profitability and were able to further improve our market position thanks to new orders and interesting acquisitions. We are proud that we were also able to continue this unabated positive trend in 2019.

GENERAL DEVELOPMENT

Over the past year, we have been very focused on our customers and have experienced great success stories with our "ONE / NEXUS" product offensive. Hospitals have been able to significantly accelerate their digital transformation thanks to using our latest technology and make it possible for patients and employees to have extraordinary experiences.

In 2019, the focus was on the implementation of our ONE / NEXUS projects: This includes the digital realignment of entire clinics with NEXUS / HIS^{NG}, but also the connection of digital processes, e.g. in laboratories and pathology. Telemedical connections in accident medicine as well as the continuous mobile use of our HIS functions were also ONE / NEXUS project priorities in 2019.

In this context, it is particularly important to use technology to create new experiences for employees and patients. NEXUS / NG technology is designed precisely for this purpose. "Standardization and individuality", "modern technology and simple application" – these apparent opposites are united, creating personal experiences and enthusiasm.

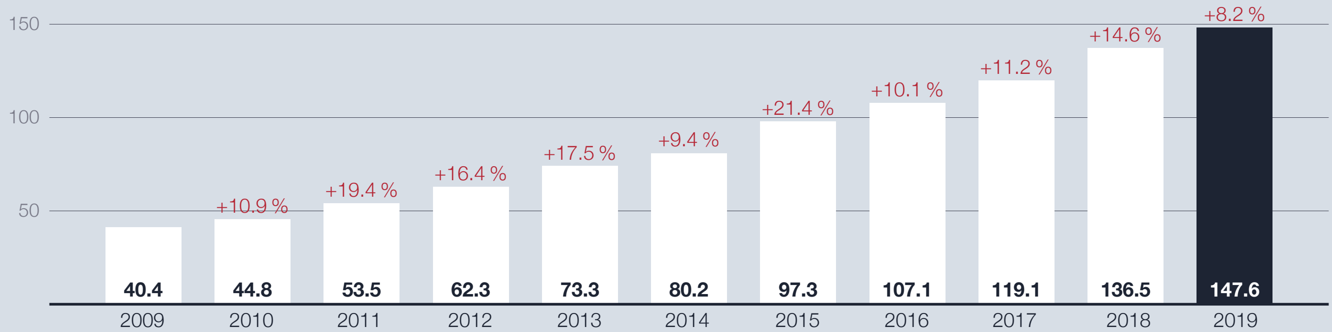
The success of our ONE / NEXUS product offensive additionally motivates us to advance our NG architecture even faster. Customers can be confident that all modules of the NEXUS Group will be available in innovative NG technology.

In 2019, we again invested 17.6 % of our sales, or approx. EUR 26 million, in new developments. This high value is exceptional in our industry and at the same time the foundation of our success. This was confirmed again in 2019:

Total revenues rose by around 8.2 % to EUR 147.6 million in 2019, while revenues in our Healthcare Software core segment rose by 10.9 % from EUR 125.9 million to EUR 139.6 million. The result before taxes (EBT) at EUR 16.9 million were 12.9 % higher than in the previous year. EBITDA

Group Sales in million EUR

2009–2019



(unadjusted IFRS 16 effect) amounted to EUR 33.9 million, compared with approximately EUR 26.7 million in the previous year.

MARKET SUCCESSES

Despite the increased interest in e-health solutions, we are still in a challenging industry environment characterized by intensive competition. A smaller number of international competitors face intense competition for customers and market shares. The question of which systems will remain on the market in the long term means that customers are currently rather critical of a system change (HIS).

On the other hand, we have recently been processing some very large tenders in several countries. We might see a reversal of the trend here.

Independently of this, the NEXUS Group benefits from its high number of existing customers and the resulting cross-selling and growth potential. It is crucial for NEXUS to provide regular and good support to this customer group and develop its digitization projects successfully. Last year, we concluded more than 600 individual contracts with existing customers.

Therefore, we are also very satisfied with the project and order situation in 2019. The market launch of our ONE / NEXUS products went well without exception and resulted in a pleasing number of incoming orders and sales.

In Germany, among other things, we have concluded a contract with a hospital group that largely covers all ONE / NEXUS services. This means that extensive operational and other services are also included in addition to the software components. We have digitally equipped a smaller hospital completely in Berlin and were able to welcome a number of psychiatrists as new customers. These projects also use mobile apps intensively.

In the Netherlands, we were able to win a large project. The customer decided to digitize all hospital processes with NEXUS software. This is an important signal, because NEXUS is ready to invest in this market and the projects. In Switzerland, three new general hospital customers have opted for our NEXUS / HIS^{NG}. This is another example of the success of our ONE / NEXUS initiative.

We were also able to implement many ONE / NEXUS projects in the area of diagnostic systems in 2019. The market is increasingly convinced that the diagnostic ONE / NEXUS platform leads to significant advances in IT strategy and significantly increases user satisfaction. With our products for digital endoscopy, cardiology and gynecology, we booked high incoming orders in 2019. The areas NEXUS / PATHOLOGY and NEXUS / LABORATORY are also to be emphasized. We were extremely successful there.

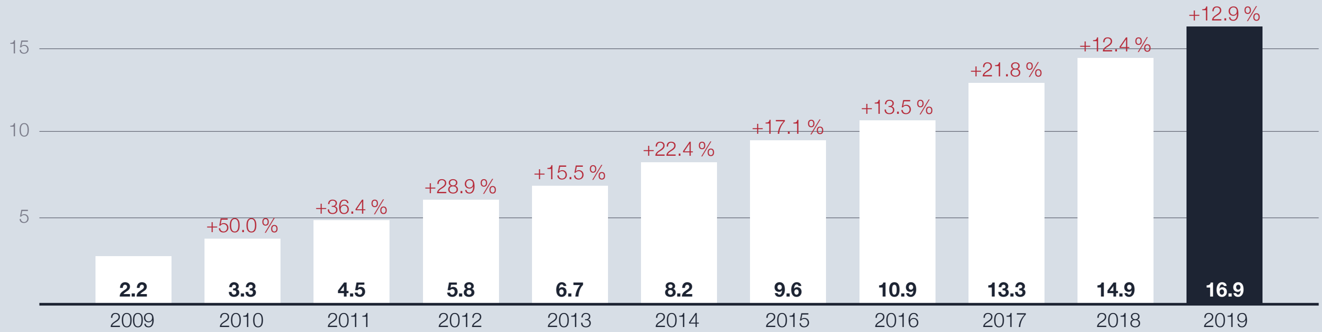
Dr. Ingo Behrendt
Chief Executive Officer

The ONE / NEXUS product lines have developed very positively overall. Our telemedical network “TKmed” has more than 800 receivers in the meantime and consequently is one of the largest telemedicine providers in Germany. In 2019, among other things, the largest German university hospital, Charité Berlin, decided to introduce TKmed.

The same applies to our Enterprise Content Management (ECM), which in combination with the PACS of NEXUS / CHILI GmbH has been further developed into an overall archive system for hospitals (VNA – Vendor Neutral Archive). Major customers, such as the Asklepios Group, are increasingly rolling out our product, and we are slowly becoming the market standard in this area.

Group Result before Taxes in million EUR

2009–2019



In radiology, we were able to implement our ONE / NEXUS strategy in the field of radiology information systems (RIS) as well as in diagnostics (PACS) and win a number of new orders. Also noteworthy are the 650 installations of our PACS in the USA, although there are also small installations among them; this is solid proof of the product strength and flexibility of these applications.

However, we also had disappointing developments in 2019. For example, sales and earnings in Poland and the Netherlands fell short of expectations. In the Netherlands, we invested a lot in a large tender, which we were ultimately able to win. The costs have impacted our earnings. Tenders and contracts were delayed in Poland. We are also well below the previous year's figures in terms of sales in the "Healthcare Service" segment by approx. 20 %. However, the last quarter showed that we have mastered the organizational challenges in this area. The order situation improved thanks to two major orders.

Overall, we can be very satisfied with the incoming orders in 2019. It has once again been confirmed that our strategy of providing specialist modular solutions for departments and areas in addition to HIS is successful.

PROJECTS AND SERVICE

We were also able to implement a number of exciting projects in 2019. Major HIS^{NG} conversions, e.g. at the Diakonie-Klinikum Stuttgart and the Clementinenhaus Hanover, have tied up considerable capacities, but have also been very successful. The introduction of the new ONE / NEXUS medication in the Netherlands was also resource-intensive. The adaptations to the complex medication process in Dutch hospitals challenged us greatly. The same applies to the Bundeswehr (German Military) project "NEXUS / HIS^{NG} for equipping deployment of the rescue chain". We have a high share of innovation in this area too, but were able to successfully complete very important milestones last year.

Overall, the projects went very well in 2019. The roll-out of the radiology project Hirslanden Private Hospital Group (CH), which has occupied us heavily recently, has been as successful as the first introduction of the radiology software at St. Anna Hospital in Geldrop, Netherlands. In France, the changeover of the 52 Elsan clinics to HIS^{NG} (Emed) has begun and is proceeding as planned. We have successfully continued our laboratory and pathology projects in England and Austria. Our innovation project "ENDOBASE NEXT", which we are implementing together with Olympus, was also able to make significant progress in 2019; although the implementation of joint projects in countries in which we previously had no installations has been significantly slower and more complex than planned.

In the area of Healthcare Service, we successfully completed the major order of the hospitals of the German Pension Insurance. At the same time, we used the organizational realignment under the name of "CLOUD IT" to improve our processes and get new orders. The new lineup has made us more efficient and focuses offers more strongly to our customers, business operations and end-user support for our own software applications.

SALES

Total sales rose to EUR 147.6 million in the reporting year (previous year: EUR 136.5 million). Compared to the previous year, sales were approx. 8.2 % higher. Sales in the Healthcare Software Division grew by 10.9 % to EUR 139.6 million (previous year: EUR 125.9 million). In the Healthcare Service Division, we were able to achieve EUR 8.1 million following EUR 10.6 million in 2018 (-23.8 %). International business represented a share of 46.7 % in the total Group in 2019 following 46.0 % in the previous year.

Ralf Heilig
Chief Sales Officer

INNOVATIONS AND ACQUISITIONS

Our innovation focus in 2019 was again our ONE / NEXUS program. ONE / NEXUS is the consistent further development of our products into integrated process solutions. In addition, we especially invested in NEXUS / MOBILE, diagnostic solutions and the internationalization of our product range in 2019.

We will launch a promising development in the autumn of 2020. The ONE / NEXUS module "Terminology^{NG}" is a new tool that enables intelligent creation of diagnosis texts and diagnoses in a complete hospital. Based on image analyses, predefined terminologies and experience, diagnoses can be generated significantly faster and in higher quality. Both speech input as well as structured and graphical text capture are used – and indeed at the same time. This is an important basis for future AI applications.

In Switzerland, we made a major development step with the development of the electronic patient dossier (EPD) and were commissioned by the canton's own company axsana as development partner for the B2B platform "HealthLink". This is a decision that has attracted interest throughout Switzerland.

In addition to our own developments, we also strengthened our company through acquisitions in 2019. We already reported last year on the acquisition of NEXUS SWISSLAB GmbH, Berlin, with the associated laboratory products "SWISSLAB Laboratory Information System" and "LAURIS Order Communication System". After about one year of belonging to the NEXUS Group, we are very satisfied with the development of the company and in particular with the newly achieved product position. In 2019, we were able to further develop the portfolio innovatively and keep existing

Edgar Kuner
Chief Development Officer

customers without exception. Through product integration with NEXUS modules, e.g., NEXUS / PATHOLOGY and NEXUS / QM, we have also succeeded in making the offer even more attractive and attracting new, large customers for the common product portfolio.

At the beginning of June 2019, we acquired a 52.56 % stake in ifa systems AG, Frechen, which is listed on the stock exchange. With this substantial involvement, we were able to significantly expand our involvement in the field of e-health applications in ophthalmology. The optimization of ophthalmologic treatments is becoming increasingly important in an aging society and is crucial for the reliability of care. The collaboration between ifa systems AG and NEXUS AG has gotten off to a very promising start. Already in the first months, ifa systems AG was able to acquire two very important license orders and consequently make a very positive contribution to the result of the NEXUS Group. The aim is to strengthen the innovation area “ophthalmology” together with ifa systems AG in the long term and to provide new applications, especially in the clinical field.

RESULTS

Many new developments, renovation acquisitions and expansions: despite these diverse and partly cost-intensive activities, the results in 2019 are again very much higher than in the previous year. We were able to increase earnings before taxes from EUR 14.9 million in the previous year to EUR 16.9 million (+12.9 %). EBITA rose from EUR 18.3 million to EUR 21.7 million (+18.2 %) and EBITDA (unadjusted IFRS 16 effect) reached EUR 33.9 million after EUR 26.7 million in the previous year (+27.1 %). Cash flow from operating activities was again very strong; at EUR 24,6 million it was around 21.6 % higher than in the previous year (EUR 20.2 million).

The liquid assets of NEXUS Group amounted to a total of EUR 35.2 million (previous year: EUR 27.0 million) on 31 December 2019, despite significant investments last year (computer center, real estate, acquisition and development investments). The consolidated surplus for the year improved from EUR 11.0 million to EUR 12.1 million (+10.2 %).

This strong result includes considerable special expenses. The expenditures for acquisitions and company integrations had a negative effect. We allotted considerable corporate resources for this in addition to the direct costs. In total, we calculate the costs of company acquisition and integration to amount to EUR 2.4 million in 2019. The costs of the reorganization including the project costs in the Healthcare Service area amounted to approximately KEUR 575.

Our technology and business model is structured on a sustainable basis. The results for 2019 again show this very clearly. We have been able to improve our market position, sales and results continuously since 2002. As a result, we have grown considerably both in sales and earnings in the Healthcare Software area for the 18th year in a row.

We see great opportunities for 2020 in our current consolidation phase. Not only on the acquisition side, but especially on the market. The changes on the supplier side provide us with the opportunity to offer customers of old products a modern product alternative. We see that customers respond openly to our offers, especially against the background that the need to refinance the purchase prices could lead to price increases. Therefore, we consider 2020 to be a transitional year, during which we focus on merging our products and improving our market position. Today, NEXUS is positioned so that we can implement a fully digital hospital with all special applications from our own product portfolio. This is an exceptional position in the market, which we can take advantage of in this situation. We are going in the right direction with ONE / NEXUS.

CAPITAL MARKET

The capital market also demonstrated high interest in our shares in 2019, which was also reflected very clearly in our share price. The NEXUS share stood at a price of EUR 24.50 at the end of 2018 (closing price 28 December 2018, Xetra). At the end of the 2019 financial year, the price increased to EUR 34.60 (closing price 30 December 2019, Xetra). In the meantime, the shares of NEXUS AG increased to EUR 36,00 (closing price 15 November 2019, Xetra). Compared to 28 December 2018, the share thus rose by 46.9 %. The DAX 30 increased by approx. 25.5 % and the TECDAX by approx. 23.1 % during this time.

Dear stockholders, the NEXUS team thanks you for your trust and loyalty to our company. We want to continue the extraordinary development of the past years together with you, our customers, employees and partners.

Warm regards,

Dr. Ingo Behrendt	Edgar Kuner	Ralf Heilig
Chief Executive Officer	Chief Development Officer	Chief Sales Officer

“The electronic patient record (ePA) becomes a genuine all-round experience with NEXUS / HIS^{NG}. All relevant patient data are available at a glance!”

Therese-Charlotte Daumiller
Health and Nurse Bachelor of Arts (B.A), Diakonie-Klinikum Stuttgart


DEPARTMENTS
OR

Report of the Supervisory Board

DR. HANS-JOACHIM KÖNIG
CHAIRMAN OF THE SUPERVISORY BOARD

The Supervisory Board was informed promptly in written and oral reports at regular intervals by the Executive Board about the respectively current development of business, the risk situation and especially about important events in the company and the NEXUS Group in the fiscal year 2019. The Supervisory Board has fulfilled its checking and monitoring obligations. The transactions submitted to the Supervisory Board for approval on the basis of the legal and statutory rules and the Supervisory Board's rules of procedure were reviewed, discussed with the Executive Board and passed for resolution. In addition, the Chairman of the Supervisory Board as well as his deputy were informed about the earnings situation, the course of business and current topics at regular intervals.

Executive Board and Supervisory Board

In the fiscal year 2019, Prof. Dr. Felicia Rosenthal, Dr. Hans-Joachim König (Chairman), Prof. Dr. Ulrich Krystek (Deputy Chairman), Wolfgang Dörflinger, Gerald Glasauer and Prof. Dr. Alexander Pocsay were members of the Supervisory Board until the end of the annual general meeting on 03 May 2019. The term of office of the entire Supervisory Board ended at the end of the Annual General Meeting on 03 May 2019.

Mr. Wolfgang Dörflinger and Mr. Gerald Glasauer were not available for re-election.

In accordance with the proposal of the Nominations Committee, the previous Supervisory Board members Dr. Hans-Joachim König, Attorney at Law, Prof. Dr. Ulrich Krystek, University Professor, Prof. Dr. Alexander Pocsay, Management Consultant, and Prof. Dr. Felicia Rosenthal, Managing Director, were re-elected members of the Supervisory Board at the annual general meeting on 03 May 2019. In addition, Dr. Dietmar Kubis, Attorney at Law, and Mr. Jürgen Rottler, Founder and President, were newly elected as members of the Supervisory Board of NEXUS AG.

There was no change in the Executive Board in the 2019 financial year.

Supervisory Board Meetings

The Supervisory Board had four regular meetings in the fiscal year 2019 on 26 February 2019, 03 May 2019, 19 September 2019 and 18 December 2019. In addition, Supervisory Board meetings were held within the framework of telephone conferences on 04 March 2019 and 04 June 2019 and Supervisory Board resolutions were passed. No member of the Supervisory Board was absent from half or more of the Supervisory Board meetings. Participation is documented in the table below (cf. table).

The Supervisory Board meeting on 26 February 2019 dealt with the audit of the annual financial statements and consolidated financial statements of NEXUS AG for the 2018 fiscal year as well as the adoption of the annual financial statements and the approval of the consolidated financial statements. This Supervisory Board meeting also dealt with the examination and adoption of resolutions on the other mandatory publications to be specified in the Management Commentary. In addition, the agenda items for the Annual General Meeting and the proposed resolutions on the agenda items for the Annual General Meeting were discussed and adopted. In particular, a profit appropriation proposal was submitted to the Annual General Meeting in agreement with the Executive Board. In addition, the election of the auditor and the members of the Supervisory Board specified above were proposed to the Annual General Meeting.

At the constituent meeting of the Supervisory Board, which took place

SUPERVISORY BOARD MEETINGS IN 2019

	26/02/2019	04/03/2019	03/05/2019	04/06/2019	19/09/2019	18/12/2019
		telephone meeting		telephone meeting		
Dr. Hans-Joachim König	X	X	X	X	X	X
Prof. Dr. Ulrich Krystek	X	X	X	X	X	X
Wolfgang Dörflinger **	X	X				
Gerald Glasauer **	e	X				
Prof. Dr. rer. oec Alexander Pocsay	e	X	X	X	X	X
Prof. Dr. med. Felicia M. Rosenthal	e	e	X	X	X	X
Juergen Rottler *			X	X	X	X
Dr. Dietmar Kubis *			X	X	X	X

* new member of the Supervisory Board, starting from 03 May 2019
** quit at 03 May 2019
e excused

From left to right:
Dr. Dietmar Kubis, Jürgen Rottler, Prof. Dr. Alexander Pocsay, Dr. Hans-Joachim König, Prof. Dr. med. Felicia Rosenthal, Prof. Dr. Ulrich Krystek

after the new election of the Supervisory Board on 03 May 2019, Dr. Hans-Joachim König was elected the Chairman of the Supervisory Board and Prof. Dr. Ulrich Krystek was elected the Deputy Chairman of the Supervisory Board. In addition, the members of the Audit Committee and the Human Resources Committee were elected at this meeting.

In the subsequent meetings of the Supervisory Board, the Executive Board reported to the Supervisory Board in detail on the business situation, and the Supervisory Board discussed this in detail. Several decisions were taken regarding the acquisition of companies or shares. The Executive Board informed the Supervisory Board in detail about the Compliance Management System of NEXUS AG and its subsidiaries, explaining current developments for its further rollout.

At its meeting of 18 December 2019, the Supervisory Board assessed the efficiency of its activities (efficiency audit in accordance with Section 5.6 of the German Corporate Governance Codex).

German Corporate Governance Codex

At its meeting on 18 December 2019, the Supervisory Board dealt in detail with general compliance issues. In particular, the declaration of compliance, new rules of procedure of the Supervisory Board, general corporate governance regulations of the Supervisory Board, Code of Business Conduct and the separate non-financial consolidated report were submitted for adopting resolutions.

The Supervisory Board passed a resolution about the compliance declaration of the Supervisory Board and Executive Board pursuant to Section 161 of the German Stock Corporation Act (AktG). The compliance declaration is available on the internet at en.nexus-ag.de – Company – Investor Relations – Corporate Governance. In addition, the Supervisory Board dealt intensively with the Declaration on Corporate Governance (section 289a of the German Commercial Code (HGB).

Committees

The Auditing Committee created by the Supervisory Board met once in the business year 2019. The Human Resources Committee did not hold its own meeting. In addition to the cited committees, the Supervisory Board did not have any other committees in the business year 2019. The Supervisory Board constituted itself as a nomination committee and proposed the candidates for election to the Supervisory Board at the Supervisory Board meeting on 26 February 2019.

Auditing of Annual Financial Statements

The Annual Financial Statement drawn up by the Executive Board of NEXUS AG, the Management Commentary, the Group Financial Statement and Group Report for the business year 2019 were audited with inclusion of the accounting of Ebner Stolz GmbH & Co. KG Wirtschaftsprüfergesellschaft Steuerberatungsgesellschaft, Stuttgart. Ebner Stolz GmbH & Co. KG Wirtschaftsprüfergesellschaft Steuerberatungsgesellschaft, Stuttgart, was appointed auditor of NEXUS AG as well as of the NEXUS Group for the fiscal year 2019 at the annual general meeting on 03 May 2019 and consequently appointed to conduct this audit. The auditors did not raise any objections and confirmed this in an unrestricted audit certificate. The Annual Financial Statement documents and the auditing report were submitted to the Supervisory Board on time; it checked them thoroughly and discussed them in detail in the meeting of the Auditing Committee and the Supervisory Board each on 09 March 2020. The auditor also participated in the Audit Committee meeting and the Supervisory Board meeting on 09 March 2020. The latter reported on the essential results of the audit and was available for further explanations. The auditor confirmed to the Supervisory Board the effectiveness of the supervisory system within the meaning of Section 91 (2) of the German Stock Corporation Act (AktG). In addition, the auditors assured that they did not provide any significant services for the company in the reporting year beyond the audit and that there are no circumstances that could impair their independence. Based on the check of the Audit Committee and its own audit, the Supervisory Board approved the result of the check of the audit with its resolution of 09 March 2020. No objections were raised following the final result of the check of the audit committee and by the Supervisory Board. The Supervisory Board assessed and approved the Annual Financial Statement and the Management Commentary drawn up by the Executive Board, the Group Financial Statement and Group Report as of 09 March 2020.

The Supervisory Board would like to thank the staff and the Executive Board of the company for their work and their high degree of personal dedication to NEXUS AG and all associated companies. The Supervisory Board would also like to express its congratulations for another successful business year.

Donaueschingen, 09 March 2020

Dr. Hans-Joachim König
Chairman of the supervisory board

ONE / NEXUS 2020

SUCCESS STORIES OF OUR CUSTOMERS

Modern hospitals are accelerating their digital realignment using automated processes, establishing new forms of work, and providing exceptional experiences for patients and employees. They are using the latest technologies to turn their plans into action and consequently accelerate the transformation.

“We had great success stories with ONE / NEXUS in the past year.”

+ Telemedicine (TKmed) directly from the NEXUS / HIS^{NG}
+ The paperless hospital in Berlin
+ Mobile use of HIS functions rolled out across the board
+ Laboratory + pathology processes integrated via ONE / NEXUS
+ Cardiac catheter measuring station integrated into ONE / NEXUS

ONE / NEXUS

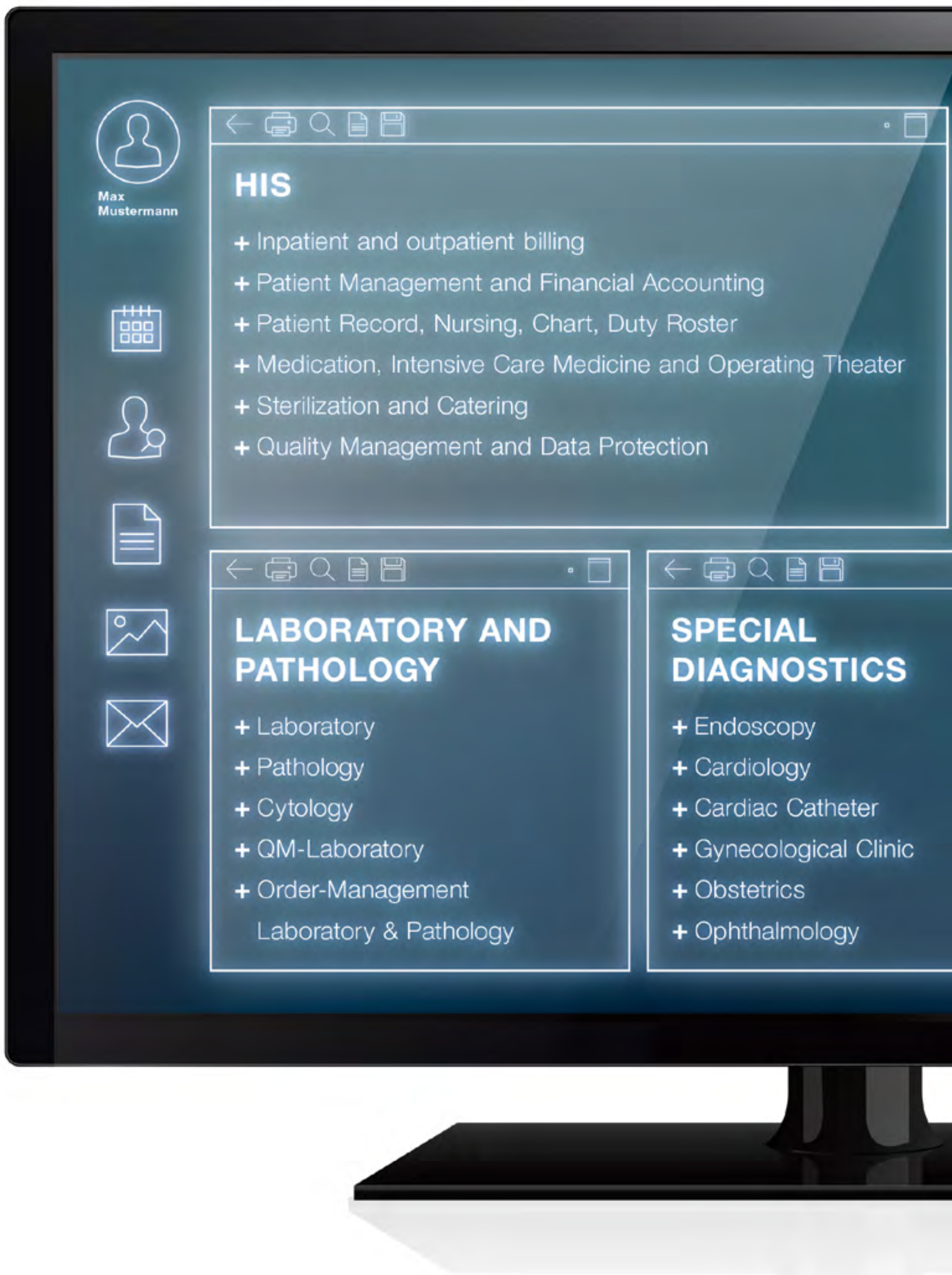
EXPERIENCE AND PROJECTS OF OUR CUSTOMERS

What do your employees and patients want and feel?
Digitization projects can generate enthusiasm through personal involvement and experiences. ONE / NEXUS projects can make an important contribution.

The enthusiasm of our own employees for new processes and technologies is a guarantee of success in every digitization project. Customers often experience your products and services completely differently than you would expect. At the same time, it is a question of making it possible for patients to have new experiences: this is what ONE / NEXUS projects are about.

Together with our customers, we not only plan the technology, but also design experience spaces for employees and patients. NEXUS / NG technology ensures the possibility of combining standardization and individuality, modern technology and simple application, creating personal experiences and enthusiasm as a result.

ARONA Klinik für Altersmedizin Berlin-Marzahn



ONE / NEXUS Solutions

THESE PROCESSES DIGITALIZE OUR CUSTOMERS

How do we lighten the workload our nurses and doctors? Digitization projects are about mapping complete work processes that do not stop at departmental boundaries. ONE / NEXUS solutions remove these boundaries and create solutions that result in real workload relief.

ONE / NEXUS integrates all work steps within a container architecture and implements uniform user guidance in all modules. As a result, NEXUS / HIS customers can rely the fact that all new modules are integrated into the innovative NG technology. Digitization projects can also be implemented step-by-step with ONE / NEXUS without leaving the process view.


IHE
FHIR
ARCHIVING / IMAGE MANAGEMENT
+ Enterprise Content Management
+ Archiving
+ Image Management
+ IHE Communication
RADIOLOGY
+ RIS
+ PACS
+ Dose Management
+ Teleradiology
Max Mustermann
NEXUS / MOBILE
+ All functions are available mobile
+ Uniform user prompting / inpatient and mobile
+ Own mobile framework
HIS
+ Inpatient and outpatient billing
+ Patient Management and Financial Accounting
+ Patient Record, Nursing, Chart
Max Mustermann
HIS
RADIOLOGY
LABORATORY AND PATHOLOGY
SPECIAL DIAGNOSTICS
ARCHIVING / IMAGE MANAGEMENT

ONE / NEXUS Customers

WHAT ARE OUR CUSTOMERS SPECIALIZED IN?

Healthcare covers a very heterogeneous customer landscape. From a university hospital to an established radiologist, from psychiatry to neurorhea: strong specializations require versatile solutions.

ONE / NEXUS solutions meet this requirement. Predefined processes and technologies provide customized solutions. NEXUS / HIS^{NG} includes additional modules:

NEXUS / PSYCHIATRY^{NG}

NEXUS provides a complete solution for psychiatric institutions from treating patients to key figure management for institution management.

NEXUS / REHAB^{NG}

NEXUS / REHAB^{NG} supports the complete course of treatment during rehabilitation. Close networking of medical, therapeutic and administrative processes is a core element of the solution.

NEXUS / GERIATRICS^{NG}

NEXUS provides a complete geriatric facility solution tailored to specific treatment and billing requirements.

NEXUS / HOME^{NG}

NEXUS provides a complete solution for homes for the elderly, young people and the disabled, from resident administration to medical and nursing documentation. On request: integrated into NEXUS / HIS^{NG}.

NEXUS / OPHTHALMOLOGY

With NEXUS / OPHTHALMOLOGY, the course of treatment in doctors' offices, associations and hospitals is organized by the administration via ophthalmologic findings. Device integration of all common ophthalmologic device types as well as image integration (vendor neutral archive: VNA) are essential features of the solution.

NEXUS / NEXT GENERATION Solutions

NEXUS / HIS^{NG}

The core module of NEXUS / NEXT GENERATION is NEXUS / HIS^{NG}. It stands for a modern information system focused on users and supports the complete administrative and medical/nursing areas in hospitals.

NEXUS / PSYCHIATRY^{NG}

NEXUS provides a complete solution for psychiatric institutions from treating patients to key figure management for institution management.

NEXUS / REHAB^{NG}

NEXUS / REHAB^{NG} supports the complete course of treatment during rehabilitation. Close networking of medical, therapeutic and administrative processes is a core element of the solution.

NEXUS / MOBILE

Part of the NEXT GENERATION software is a mobile concept that goes far beyond mere app development. Device management, app monitoring, secure communication and HIS integration are provided in a coordinated system.

NEXUS / SWISSLAB (LABORATORY)

The NEXUS / SWISSLAB laboratory information system is a premium product for digitalizing all laboratory areas. A holistic view of a patient is combined with the most modern diagnostics.

NEXUS / PATHOLOGY^{NG}

This module controls the processes in pathology from material entry all the way to billing. NEXUS / PATHOLOGY^{NG} is employed in more than 300 institutes and hospitals integrated into NEXUS / HIS or as a separate solution.

NEXUS / CYTOLOGY^{NG}

NEXUS is one of the leading providers of cytology systems with approximately 150 installations in Germany. The touch screen-supported detection of findings and numerous interfaces to laboratory devices provide considerable time-savings during diagnosis.

NEXUS / LAURIS

NEXUS / LAURIS is a communication tool for laboratories and pathologies. The sending of samples is supported electronically, and the results are transmitted to the senders in real time.

NEXUS / MEDICATION^{NG}

The medication process is fully supported by NEXUS / MEDICATION^{NG}: prescribe, provide, check, administer. The module is integrated into NEXUS / HIS^{NG} and provides a professionoverlapping view of patient medication.

NEXUS / CSSD^{NG}

The pre-processing of medical products in CSSD is fully supported by the system solution. Planning, quality assurance, documentation and archiving of all process steps up to the OP guarantee maximum patient safety.

NEXUS / CURATOR (QUALITY MANAGEMENT)

NEXUS / CURATOR is a web-based knowledge base for quality management with document control in healthcare. The portal serves for improved communication in hospitals.

NEXUS / FOODCARE

Patient room in direct communication with the kitchen. The software can be integrated into NEXUS / HIS^{NG} or used independently in combination with other HIS systems.

NEXUS / PDMS^{NG}

NEXUS / PDMS^{NG} is a solution for the intensive care unit fully integrated in HIS. The advantage: An integrated solution that provides patient data from the emergency department to the OP and the intensive care unit and all the way to regular wards without media breaks and loss of data.

NEXUS / CRM (CREATIV)

NEXUS / CRM (CREATIV) is a modern customer relationship management (CRM) for clinics and donor organizations. In compliance with GDPR regulations, it automates and professionalizes communication with patients, referees and donors.

NEXUS / RIS^{NG}

NEXUS / RIS^{NG} is the most innovative radiology information system on the market. The new technology and modern user interface provide all the functions for optimal support of radiological processes and ensure time-saving care of your patients.

NEXUS / CHILI PACS^{NG}

Seamlessly integrated into the NEXUS / RIS^{NG} or as an independent solution: NEXUS / PACS^{NG} (CHILI) enables diagnosis, presentation, processing and communication of any multimedia data. The PACS can process images and documents of all manufacturers as a Vendor Neutral Archive (VNA).

NEXUS / CHILI TELEMEDICINE

The portals for telemedicine and teleradiology connect physicians in the medical treatment of their patients. With our TKmed solution, we provide the largest network of participants nationwide, which enables fast, secure and data protectioncompliant exchange of radiological data.

NEXUS / PEGASOS^{NG} (ARCHIVE & ECM)

The control and management of documents is an integral part of the NEXUS / NEXT GENERATION solution. The software NEXUS / PEGASOS controls file management, digital archiving, document management and process management: Documents, photos, videos, audio files all the way to DICOM objects are archived.

NEXUS / SPECIAL DIAGNOSTICS^{NG} (E&L)

The intelligent diagnosis software for special diagnosis from E&L makes it possible for doctors from almost all areas of a hospital (for example, endoscopy, cardiology, sonography, ophthalmology, urology, etc.) to create high-quality diagnoses quickly and with medical expertise.

NEXUS / ENDOSCOPY^{NG} (CWD FROM E&L) AND ENDOBASE NEXT FROM OLYMPUS

The market-leading solution in internal medicine comes from E&L and makes it possible to create clearly structured fi ndings in just a few steps. CWD is also the basis of the ENDOBASE NEXT product, which Olympus distributes throughout Europe.

NEXUS / CARDIOLOGY^{NG} (CVIS)

The highly specialized CVIS of E&L digitalizes the overall process in cardiology. From normal findings to detailed documentation of complex issues, the entire range of cardiological examinations is supported and cardiological modalities are integrated.

NEXUS / GYNECOLOGICAL HOSPITAL (astraia)

With the astraia solution, we are expanding our offer in NEXUS / GYNECOLOGICAL HOSPITAL^{NG} with the internationally leading system in obstetrics. There is structured digital documentation from examinations of the fetus, including first-trimester risk determination, to breast and gynecological ultrasound scans.

NEXUS / OBSTETRICS^{NG}

NEXUS / OBSTETRICS^{NG} is specifi cally geared to the needs of gynecological and obstetrics clinics. From prenatal care and prenatal diagnostics to CTG monitoring, partogram and birth documentation, NEXUS provide the leading system for gynecological clinics in Germany.

NEXUS / OPHTHALMOLOGY

With NEXUS / OPHTHALMOLOGY, the course of treatment in doctors’ offices, associations and hospitals is organized by the administration via ophthalmologic findings. Device integration of all common ophthalmologic device types as well as image integration (vendor neutral archive: VNA) are essential features of the solution.

NEXUS / INTEGRATION SERVER

The NEXUS / INTEGRATION SERVER provides a flexible data hub that is tailored to the IT needs in the healthcare sector. The NEXUS integration platform communicates according to internationally recognized standards, regardless of whether HL7, IHE or FHIR.

Modern Medicine Needs Innovative IT

NEXUS / HIS^{NG} IN DIAKONIE-KLINIKUM STUTTGART

The employees of the Diakonie-Klinikum Stuttgart faced the challenge of converting a highly integrated house under NEXUS / HIS to NEXUS / NEXT GENERATION technology during ongoing operations. With success!

It’s 6:00 a.m. The nursing team in the morning shift replaces colleagues who oversaw the well-being of patients during the night. During the handover, the events of the night are communicated to the nursing staff taking over: Were there any new arrivals? What is the condition of the individual patients? Are special things to be taken into account? Instead of going through a stack of paper files or cumbersome access to the necessary information via expansive menus, the employees of the Diakonie-Klinikum Stuttgart work with NEXUS / HIS^{NG}.

The future Is digital

At the end of 2018, the traditional hospital in the heart of Stuttgart set its sights on an ambitious digitization project: The next step into the digital future was implemented with ONE / NEXUS.

Since 2011, the various professional groups in Diakonie-Klinikum have been working with the hospital information system from NEXUS – from doctors to nurses to administrative staff. The project team faced the challenge of converting a hospital that was highly integrated under NEXUS / HIS to NEXUS / HIS^{NG} during ongoing operation without disturbing established processes, but instead with optimization of them. “We are the hospital that has grown the most in recent years in Baden-Württemberg. In this dynamic situation, it was important for us to adapt the processes and our IT structure,” Friedhelm Brinkmann, Head of IT at the Diakonie-Klinikum, described the initial situation.

“We were convinced by the innovative operating concept of NEXUS/ HIS^{NG}. It is clearly arranged, flexible in handling and consistently orientates itself to the daily work processes of our staff.”

Ursula Gulde, NEXUS / HIS^{NG} Project Manager, Diakonie-Klinikum Stuttgart

Process design as a starting point for digital realignment

Since the new software is consistently geared to the processes of users, the first step dealt with the workflows of the individual professional groups. When do doctors, nurses, therapists, function services or medical controllers need what information to best support their own workflows? Based on these requirements, the project team developed central workspaces and workflows.

Digital success stories in everyday hospital life

After the handover, going around checking vital parameters is next. Blood pressure, temperature, pulse and other vital signs must be recorded: Instead of on paper, these parameters are entered directly in the digital ward chart, which is accessed via mobile PCs on ward or nursing trolleys.

The workspaces in NEXUS / HIS^{NG} provide the decisive advantage that information is not only available electronically and retrievable, but is actually displayed parallel. This makes daily work faster, safer and more transparent.

> **"Electronic patient records only become an all-round experience with NEXUS / HIS^{NG}. All relevant data are available at a glance!"**

Instead of laboriously deciphering handwritten instructions from the doctors after a visit and then transmitting them to the HIS and processing them further at the station computer, they are digitally recorded directly without detours.

In the various departments, staff benefit from the clear presentation of information in NEXUS / HIS^{NG}. For example, doctors can access patient charts directly in the appointment book and start writing their findings. If additional data are required, for example from the archived patient record, the respective module can be found via an intelligent search function and started in the NG workspace; a feature that is very popular among users.

> **"The parallel presentation of relevant data in NEXUS / HIS^{NG} ensures that no information is overlooked; this is convenient and increases patient safety!"**

Users are convinced

Doing without a conventional menu structure in HIS was one of the bigger challenges for the project team and staff at the Diakonie-Klinikum Stuttgart. "NEXUS / HIS^{NG} can be adapted precisely to the processes of the users – this initially required rethinking for many," Ursula Gulde stated, who heads the project team in Stuttgart. "However, the advantages of the operating concept were quickly perceived by our users, so even smaller setbacks in project implementation could be easily tolerated."

By the end of 2019, approx. 90% of the user groups were working with NEXUS / KIS^{NG}. The ambitious schedule was therefore largely adhered to. And the successful introduction of NEXUS / HIS^{NG} at Diakonie-Klinikum Stuttgart shows: Based on NG technology, processes in hospitals – whether clinical or administrative – can be rethought and optimized. NEXUS / NEXT GENERATION enables real digital transformation!

About Diakonie-Klinikum Stuttgart

Modern medicine, good care and personal attention – this is what Diakonie-Klinikum Stuttgart stands for. The almost 1,500 employees are committed to this around the clock 365 days a year.

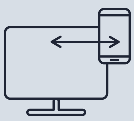
The Way to App-Based Ward Rounds in Psychiatry / Psychosomatics

NEXUS / HIS IN THE PSYCHIATRISCHE KLINIK UELZEN GEMEINNÜTZIGE GMBH

The transition from paper-based ward rounds to the App-based rounds in ongoing medical care presents the employees of Psychiatric Clinic Uelzen gGmbH with a great challenge and at the same time provides great new opportunities.

A text by Christian Kienbaum, Head of Patient Management & IT, Psychiatrische Klinik Uelzen gGmbH

It all began with the desire to use electronic control of drug administration and a digital ward chart as a future perspective in the wake of purchasing a new NEXUS HIS. Of course, the concerns of doctors in particular had to be taken seriously, who feared that the drug prescription process would be much more complicated than before. A feature to make this conversion process attractive for doctors, i.e., to generate additional qualitative advantages, is the integration of a drug-therapy safety test into the electronic medication software of NEXUS / HIS, among other things.



“There have been many positive developments in technical app development in recent months. The enhancement of mobile solutions is of pivotal importance for the future of healthcare.”

Ulf Dittberner, Head of IT,
Psychiatrische Klinik Uelzen gGmbH

The use of the new digital ward chart is also convincing, which provides more flexible functionality for recording and processing vital signs, drugs and care measures, and enables users to work much faster.

However, a real hurdle had to be overcome in the clinic, which initially had nothing to do with NEXUS, but rather touched a core process taking into account the special conditions in inpatient psychiatric / psychosomatic hospital treatment, namely ward rounds. In this case, the doctor has a direct conversation with the patient, whereas until then he had only had access to the paper record with the paper chart. Instead, the possibility of perusing the digital chart using a notebook on a cart was categorically ruled out from the outset for doctors, because the focus should be on the patient and not on the notebook, and the cart was regarded as a distance-creating barrier.

A solution resulted from the continuous development of NEXUS / MOBILE applications. The PHYSICIAN APP in particular deserves special attention in this respect, because it can now display the most recently prescribed medication, the chart and laboratory data in a clear way.

The further development of the app gave us the opportunity to conduct a one-day workshop together with NEXUS at the clinic in October 2018,

"With increased attention to customers, NEXUS has prepared the ground for providing IT solutions for complex customer-specific requirements (here: app-based ward rounds)."

Christian Kienbaum, Leiter Patientenmanagement & IT, Psychiatrische Klinik Uelzen gGmbH

in which the previous course of the ward rounds was first presented in a simulation, and then we replaced the paper record with the digital solution from NEXUS using tablet-based app operation. Users' concerns were largely dispelled as a result.

Then this solution had to be put into practice. The aim was to eliminate various other "tumbling blocks" for example:

+ Full use of NEXUS / MOBILE as well as purchase and setup of tablets and smartphones (on an Android platform)
+ The production of training videos via NEXUS / TUTORING
+ The clarification of who maintains the clinic-specific drug stock for our clinic (in our case this is done by the commissioned external pharmacy),
+ Notebook carts accompanying doctors during ward rounds to make it possible to change medication if the senior physician requests such

Now, at the end of the preparations (and after further tests of the PHYSICIAN APP on tablets by our doctors), we are on the verge of implementing the modules "Electronic medication" (incl. AiD Clinic), "New digital ward chart" and the "App-based ward rounds". We are confident that the new processes will be in place and running smoothly by middle of the year.

"Rapid access to patient data via tablet or smartphone is very important to me in everyday work."

René Marahrens, Oberarzt,
Psychiatrische Klinik Uelzen gGmbH

About Psychiatrische Klinik Uelzen gGmbH

The improvement of the living situation of people with mental impairments, especially in our care area of the districts of Uelzen and Lüchow-Dannenberg (Lower Saxony), is a matter of course for us and is our mission, goal and vocation. The approx. 160 staff members of the clinic are committed to this around the clock.

“Arona is 100% digital. I’ve gotten used to it completely, and I can’t even imagine working with paper in the meantime.”

Petra Kretschmer
Head of Area Division and Nurses,
ARONA Klinik für Altersmedizin Berlin-Marzahn


QM

Our NEXUS-Management-Team

Svenja Randerath
NEXUS AG

Roland Popp
NEXUS AG

Stefan Born
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Uwe Hannemann
E&L, NEXUS

Daniel Heine
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NEXUS / IPS

Timo Hornig
NEXUS / CSO

Hagen Kühn
NEXUS / CSO

Andreas Pribil
NEXUS Österreich


PACS
TELERADIOLOGY

"NEXUS / RIS^{NG} is my individual 'all in one tool' for optimum quality and the well-being of my patients."

Prof. Dr. Lars Grenacher
Medical Director and Specialist in Radiology,
Conradia Radiology Munich

Group Management Report for the Fiscal Year 2019

BASIC PRINCIPLES OF THE GROUP

BUSINESS MODEL

NEXUS develops, sells and services software solutions for hospitals, rehabilitation institutions, specialist clinics and nursing homes. All software solutions are designed to enable healthcare institutions to manage processes more efficiently and provide the staff with more time for patients. NEXUS develops software solutions by combining know-how and ideas of customers and own employees. NEXUS can draw on an extensive expertise from different European countries and a number of facilities. NEXUS offers the following product groups:

+ **NEXUS / HIS[NG]:** Complete information system for somatic hospitals in Germany
+ **NEXUS / PSYCHIATRY:** Complete information system for psychiatric institutions
+ **NEXUS / HOME:** Complete information system for senior citizen homes and nursing home chains
+ **NEXUS / REHAB:** Complete information system for rehabilitation facilities
+ **NEXUS / PAT (CH):** Complete administration information system for Swiss hospitals
+ **NEXUS / DIS:** Interdisciplinary diagnostic information system
+ **NEXUS / SWISSLAB:** Premium Laboratory Information System
+ **NEXUS / LAURIS:** Order communication in diagnostics
+ **NEXUS / PATHOLOGY and NEXUS / CYTOLOGY:** Information system for pathology and cytology institutes
+ **NEXUS / RADIOLOGY:** Radiology information (RIS) and imaging system (PACS) for radiology wards and offices
+ **NEXUS / CHILI:** PACS and teleradiology solutions
+ **NEXUS / GYNECOLOGICAL HOSPITAL:** Information system for obstetric institutes and gynecology
+ **astraia:** Special diagnosis in the obstetrics and gynecology
+ **NEXUS / INFORMATIONSTORE:** Management information systems for hospitals
+ **NEXUS / QM:** Information systems for quality management in the healthcare system
+ **NEXUS / CSSD, NEXUS / SPM and EuroSDS:** Information system for product sterilization processes in hospitals
+ **NEXUS / INTEGRATIONSERVER:** Interface management for hospital information systems
+ **NEXUS / CLOUD IT:** Outsourcing solutions in healthcare
+ **NEXUS / SPECIAL DIAGNOSTICS and Clinic WinData (CWD):** Information systems for medical specialist diagnostics and device integration
+ **NEXUS / OUTPATIENT CARE and asebis:** The complete Spitex (home care) solution for the Swiss market
+ **NEXUS / ARCHIVE and NEXUS / PEGASOS:** Archiving and process management in healthcare
+ **Emed:** Web-based hospital information system for French healthcare institutions
+ **NEXUS / EPD:** Complete information system for somatic and psychiatric institutions in the Netherlands
+ **TESIS:** Complete information system for somatic hospitals in Catalonia, Spain
+ **NEXUS / VITA and TESIS VITA:** Complete information system for in-vitro clinics
+ **NEXUS / SWITSPOT:** Software solutions to complement SAP HR management
+ **NEXUS / ASS.TEC:** Process and HR consulting in the SAP environment
+ **highsystemNET:** Life cycle client management
+ **CREATIV OM:** CRM for non-profit organizations and healthcare institutions
+ **NEXUS / ESKULAP:** Complete information system for somatic and psychiatric institutions in Poland
+ **ifa systems:** Software solutions in ophthalmology

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 leased data centers and provides overall customer support.

NEXUS software architecture is modular, open 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 solution 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 to our customers in the healthcare system, with which they can digitize, accelerate and improve the quality of their business processes. IT services round out the performance range.

The NEXUS Group is represented at the sites Donaueschingen, Berlin, Dossenheim, Erlangen, Frankfurt (Main), Magdeburg, Ismaning, Munich, Jena, Kassel, Neckarsulm, Ratingen, Münster, Frechen, Singen (Hohentwiel), Vienna (AT), Wallisellen (CH), Widnau (CH), Altishofen (CH), Basel (CH), Lugano (CH), Zurich (CH), Grenoble (F), Vichy (F), Nieuwegein (NL), Sabadell (ES) and Poznan (PL). NEXUS AG sets the decisive strategic orientation of the Group.

The following changes were made in the ownership structure in the 2019:

+ NEXUS AG purchased the remaining 10.00 % of the shares from the existing option agreement in the subsidiary nexus / switspot GmbH, Neckarsulm, on 15/05/2019.
+ NEXUS AG purchased 52.56 % of the shares of ifa systems AG, Frechen, on 04/06/2019.
+ NEXUS AG acquired a further 11.37 % of the shares of the subsidiary NEXUS POLSKA sp. z o.o., Poznan, from the existing option agreement on 06/06/2019.
+ With the share purchase agreement dated 14/06/2019, NEXUS acquired the remaining 49.80 % of the shares in NEXUS . IT GmbH SÜDOST, Donaueschingen.

+ NEXUS AG purchased the remaining 10.00 % of the shares in the existing option agreement of its subsidiary NEXUS SISINF SL, Sabadell, on 26/06/2019.

As of 01/01/2020, eight companies of the NEXUS Group were merged into a total of four business units. The reason for the mergers is the merger of previously separately managed profit centers and the consequent improved control capability of the entire group.

Control System

NEXUS Group is divided into two divisions ("Healthcare Software" and "Healthcare Services") and into various business areas within the segments. 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 complete Group. The control of the segments and business areas are controlled via measurement of three uniform key figures (according to local accounting standards): "sales", "result before taxes" and "relative market position". "Relative market position" denotes the development of segment or business area based on company development compared to relevant competitors, insofar as this information is available. The Executive Board checks the key figures quarterly.

Research and Development

NEXUS Group does not conduct any research, but instead only software development. In 2019, investments were especially made for developments for the products NEXUS / HIS and NEXUS / HIS as well as for NEXUS / HIS^{NG}, NEXUS / RADIOLOGY, CWD, Emed and mobile apps. Additional supplementary products were developed new and launched on the market directly. NEXT GENERATION software is being developed within NEXUS AG and supported by the establishment of a separate development group.

Total expenses for developments amounted to KEUR 26,064 in 2019 (previous year: KEUR 22,688), representing 17.7 % of sales revenues (previous year: 16.6 %). Of the total development expenses, KEUR 3,850 (previous year: KEUR 4,130 thousand) were capitalized. This corresponds to a capitalization rate of 14.8 % (previous year: 18.2 %). Write-offs on own development costs were KEUR 5,702 (previous year: KEUR 5,619).

Development investments, which can be capitalized, are planned for the fiscal year 2020 in approx. the same amount as in 2019. A total of 418 people were employed in the development sector at the end of the fiscal year (previous year: 414).

REPORT ON THE ECONOMIC SITUATION

Macroeconomic and General Industry-Related Conditions

NEXUS sells mainly to customers in the public healthcare system domestically and abroad with focus on Germany, Switzerland, the Netherlands, France, Spain, Poland and Austria. The order situation depends on the competitive environment as well as budget developments and structural changes in the healthcare system of the individual countries. However, there is no direct dependence on business trends. In the long term, however, the crisis of public budgets in European countries could result in reducing the growth expectations of NEXUS Group. A reliable forecast of developments is not possible at this time. However, "optimization in the healthcare system using modern information systems" remains a pivotal item on the priority list of the healthcare system in almost all countries.

Technology Trends

The regularly published technology trends of the respective years (e.g., Nucleus's top 10 predictions for 2020, Gartner Report "Crisp IT Trends 2020" and Forrester Predictions 2020) describe the current technology trends.

We have classified the following nine trends as significant for NEXUS:

Trend I: 5G as a New Mobile Phone Standard in Hospitals

5G is certainly one of the most disruptive forces in information and communication technology in recent decades and will also result in significant changes in hospitals. Thanks to the short latency times, high reliability and high data transfer rates, new process support can be implemented. This applies to telemedicine (e.g., telesurgery), online diagnosis (e.g., image information from an ambulance) and tracking and tracing (e.g., of patients or medical devices) in a hospital. NEXUS is active in these fields of application with its own solutions and will evaluate the possibilities of 5G at an early stage.

Trend II: Compliance and Digital Ethics

Compliance is becoming an increasingly important factor in developing and operating software solutions. Market research institutes (e.g., Forrester Research and Gartner) expect regulatory measures to have an increasing impact on IT development in 2020 and assume that the EU GDPR alone will mean that 20 percent of B2B customers will prohibit use of their data for AI (artificial intelligence) solutions next year. At the same time, investments in regulatory technologies are rising very significantly, and expenditure on compliance is necessary to be able to comply with the diverse requirements regarding data protection, customs and trade regulations. Observance of compliance guidelines and consideration of ethical and legal aspects will become increasingly relevant in the context of the discussion about AI. AI deployment scenarios will be effective if users are convinced of ethical and legal safety. For NEXUS, this development provides both a challenge and an opportunity. While requirements for internal organization and product development are increasing significantly due to the GDPR, product liability and certifications, our market opportunities with compliance products are increasing. NEXUS provides a range of software solutions to help hospitals align their solutions and IT with compliance requirements. Demand for these products is rising sharply.

Trend III: No- and Low-Code Models

Access to technological knowledge is radically simplified through simplified technology use. This general trend, also known as "democratization of knowledge" (cf. Gartner 2020), takes place in software in the form of Low- or No-Code models. Expanding these phenomena by automating additional application development capabilities can give people access to technical expertise beyond their own training via a radically simplified learning experience. For NEXUS, there is an opportunity to provide our users with Low-Code models with which they can automate specific documentation and analyses individually. As the first product, we will present a graphical diagnostic tool for internal medicine on the market in 2020.

Trend IV: Cloud-Based Platforms are Changing

Public and private clouds are also growing strongly in the healthcare sector and cloud acceptance is now "mainstream" in customer groups. Platform as a Service (PaaS) 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). Edge computing is now supplementing cloud architecture with a decentralized, hardware-related component. Edge computing devices, such as single-board PCs that are close to the medical devices, or mini-data centers in hospital departments, extend the computing performance of the cloud and are available where they are needed for analyses. NEXUS sees the trend as an opportunity to provide cross-platform integration increasingly and thus expand today's seamless integrations within its own stack. It is precisely our container technology that enables us to act innovatively far ahead of competitors here. The addition of edge computing strengthens our range of data-intensive products.

Trend V: Artificial Intelligence (AI) and Security

AI is the main technological trend of recent years and plays an increasingly important role in the health sector in particular. AI is used to diagnose diseases more efficiently in many diagnostic and therapeutic areas, developing drugs, personalizing treatments, and even editing genes. At the same time, AI is increasingly being used in "application development", "data science" and "testing" for automation. The keywords "hyperautomation" and "business transformation" are therefore appropriate descriptions for the possible effect of AI both in medical diagnostics and in software development. NEXUS is committed to AI development projects in both areas and sees significant business opportunities over the next few years. However, we also see increasing demands on our security teams and risk managers as more and more potential points of attack (cloud computing and micro-services) emerge. The protection of AI-based systems and the use of AI to improve security defense will be another focus of our development.

Trend VI: Mobile Computing and "Intelligent Apps and Analytics"

Mobile applications are spreading increasingly faster in healthcare facilities. "Intelligent apps and analytics", e.g., virtual personal assistants, are an integral part of mobile applications and are assigned to the application areas of artificial intelligence. According to Gartner, every application will contain AI components in the future. Intelligent layers will be created between people and systems that will also change the way hospitals work. Such applications are imaginable especially in the medical profession. NEXUS already incorporates these possibilities into the product design of its own NEXUS / MOBILE apps.

Trend VII: Changes in Handling of Legacy Systems: "Wrap & Trap"

One of the most important trends for the NEXUS Group is the change in the way old systems are handled. The further development and replacement of monolithic legacy systems is becoming 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 digitization. The IT trend is therefore going strongly in the direction of "Wrap & Trap". "Wrap & Trap" denotes the removal of individual functionalities from the old systems and their integration 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. NEXUS uses the "Wrap & Trap" method to modernize acquired systems or to implement modernization strategies together with hospitals.

Trend VIII: Data Platforms and Secondary Data Use

Data stored independently of the hospital information system (HIS) in different silos, different departments and different formats and databases are often not easily retrievable. For a 360-degree view of the patient, however, all available data must be consolidated and merged in the form required in each case. Virtual, shared data platforms integrate all data sources, serve as a data hub for all hospital processes and thus enable flexible use of the data. We are especially working on the further development of a diagnostic data platform, which makes all patient-related diagnostic findings available to users as raw data. Thanks to our wide diagnostic position in many hospitals, we have the best prerequisites for this application.

Connected to this is the possibility of secondary data utilization, i.e., the use of data beyond the original purpose. Particularly for studies, research and developments, medical data can be of great value. Although not much has been done in this area in recent months due to the outstanding data protection issues, NEXUS sees this as a priority area on which we will work in the future.

Trend IX: Human Augmentation and New Forms of Human-Machine Communication

The term "human augmentation" is understood to mean the interaction with apps and services via voice control and augmented reality (AR) or 3D gesture control. In addition, devices will increasingly be used that come onto the market without their own control element, since functions are controlled via an app from the smartphone or tablet ("interfaceless"). The trend includes the use of technology to enhance cognitive and physical capabilities, such as wearables in care or implants to enhance physical capabilities. Since facilitated interaction is one of the core requirements of our customer groups, we at NEXUS expect a high level of acceptance of new solutions in this area.

Outlook

Trend tracking remands very important for NEXUS to check our development priorities regularly. Our priorities will not change in 2020. We again see great opportunities in the hot topic "artificial intelligence". Especially in our "Diagnostic Information Systems" segment, there are numerous application options, but which still require some time to be ready for the market. In addition, there are the topics "5G" and "Compliance", which we will increasingly focus on. We pursue new areas such as "low- and no-code" and "human augmentation" in individual development projects, thereby increasing our innovative strength. With NEXT GENERATION technology, we are already very close to concluding many innovation topics and want to expand our innovation lead further.

Competitive Environment and Market Position

NEXUS has succeeded in positioning itself as an innovative solution provider in European healthcare. Our successes, our company purchases and therefore the number of installations has led to a high level of recognition of our company. We also pursued further expansion of our European activities in 2019 and were able to increase sales.

In the rather restrained markets, the companies of the NEXUS Group were again very successful with respect to sales in 2019. This applies especially to our core markets Germany, Switzerland, the Netherlands, France and Poland.

New customers were won last year in all product areas. Noteworthy here are the products NEXUS / HIS, CWD, NEXUS / CHILI, NEXUS / GYNECOLOGICAL HOSPITAL and NEXUS / PEGASOS. After problems at the beginning of the year, the service business developed positively. In the area of overall systems, we were able to win some important orders, especially in the Netherlands, Germany and Switzerland.

The market for software systems in the medical area is still characterized by tough competition and strong supplier concentration.

Consolidation within our industry progressed strongly in 2019. Following the acquisition of the healthcare software division of AGFA-Geavert N.V. by the Italian group Dedalus Italia S.p.A., a new European market situation has arisen. In addition, the American provider Cerner Corp. sold parts of its European portfolio to Compugroup AG. In France, Softway Medical SAS was acquired by a private equity fund and further consolidation steps were announced in other European countries. NEXUS remains one of the active consolidators in the market. It can be assumed that the consolidation pressure will continue and that the new market situation will lead to shifts. From our viewpoint, there are only few competitors on the European market in addition to NEXUS that are considered to have long-term potential.

As predicted in the internal analysis of NEXUS, the "relative market position" has increased. The increase in sales was above the average increase of main competitors. NEXUS ranks 3rd among competitors in Europe in terms of total annual sales after the consolidation of Dedalus / AGFA and Compugroup / Cerner.

Trend of Business

Depiction of Assets, Financial and Profit Situation

Profit Situation

As a result of the initial application of IFRS 16, EDITDA effects are contained in write-offs amounting to KEUR 4,196 and in financial expenses amounting to KEUR 181. Other operating expenses have been reduced accordingly.

The NEXUS Group had substantially increased consolidated sales of KEUR 147,648 in 2019 following KEUR 136.469 in 2018. This represents an increase in sales of KEUR 11,179 (+8.2 %). Capitalized own contributions amounted to KEUR 3,850 (previous year: KEUR 4,130) in the fiscal year. The cost of materials decreased by 6.7 % to KEUR 21,507 compared to the previous year (KEUR 23,044); this is mainly due to a shift in the product mix. The increase in personnel expenses of KEUR 76,392 to KEUR 91,566 (+19.9 %) mainly results from the increase in the number of employees, which is almost exclusively related to company acquisitions in the fiscal year and the previous period. In this context, there is also a significant increase in other operating expenses and other operating income from the performance of service obligations, which were entered into in the form of a company acquisition in the amount of KEUR 9,567, adjusted for the effect of the initial application of IFRS 16. The EBITDA 2019 was KEUR 33,947 following KEUR 26,708 in 2018 (+27.1 %). EBITDA includes the effects from the initial application of IFRS 16 in the amount of KEUR 4,377. Without this application, EBITDA would have increased from KEUR 26,708 to KEUR 29,570 (+10.7 %).

There were write-offs in the amount of KEUR 16,503 (previous year: KEUR 11,527). These mainly concerned scheduled write-offs on capitalized development costs, technologies and customer relations. The effects from the initial application of IFRS 16 in the amount of KEUR 4,196 are included in the write-offs.

The period result before taxes (EBT) for the year improved significantly from KEUR 14,929 in the previous year to KEUR 16,862 (+12.9 %). As a result, the projected slight increase in sales as well as the projected slight rise in EBT were exceeded, in particular due to the company acquisitions in the fiscal year and the previous year.

The Group annual surplus increased compared to the previous year (KEUR 10,996) to KEUR 12,121 (+10.2 %). This increase is due to higher revenues and the resulting economies of scale in addition to the effects from company acquisitions. The higher tax rate had a negative impact, which increased from 26.3 % to 28.1 %.

The results within the areas have evolved very differently. The Healthcare Software Division very significantly increased earnings before interest and tax (EBIT) of KEUR 16,740 after an EBIT of KEUR 13.930 in the previous year (+20.2 %) and thus also reached the previous year's forecast (significantly increasing sales). EBIT includes the effects from the initial application of IFRS 16 in the amount of KEUR 163. The initial consolidation of ifa systems AG, Frechen, had an impact on EBIT of KEUR 2,532. The Healthcare Service Division achieved a result before taxes and interest in the amount of KEUR 704 (2018: KEUR 1,251; -43.7 %). EBIT includes the effects from the initial application of IFRS 16 in the amount of KEUR 18. Sales and pre-tax earnings have declined considerably, as forecast, due to reorientation and the cessation of projects, which were not part of our core. The realignment and consolidation of this area initiated in 2018 was pursued in the 2019 fiscal year.

Assets Situation

Goodwill and brands with unlimited utilization periods in the amount of KEUR 82,804 (previous year: KEUR 81,529) have maintained their value completely as of the balance sheet cut-off date according to our performed impairment tests. For the other intangible assets in the amount of KEUR 29,891 (previous year: KEUR 29,842), 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 2019. Intangible assets including goodwill currently amount to KEUR 112,695 (previous year: KEUR 111,371) and thus represent 54.2 % (previous year: 52.8 %) of the balance sheet total. Without the application of IFRS 16, intangible assets, including goodwill, would be 57.1 % (previous year: 52.8 %) of total assets.

Short-term financial assets increased by KEUR 1,586 to KEUR 1,671 compared to the previous year.

The equity capital of NEXUS Group was KEUR 115,135 on the cut-off date following KEUR 108,325 in the previous year, which corresponds to an equity capital rate of 55.3 % (previous year: 51.3 %). Without the application of IFRS 16, the equity ratio would be 58.4 %.

A dividend of 17 cents per share (EUR 2,676,091.72) was paid to stockholders in 2019.

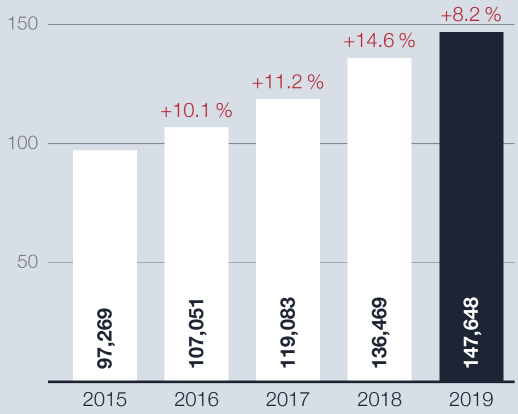
The contractual liabilities in accordance with IFRS 15 amounting to KEUR 1,850 (previous year: KEUR 5,399) relate essentially to the down payments received from customers for software projects.

The amount of cash assets plus securities held as liquidity reserves was KEUR 35,204 as of 31 December 2019 (previous year: KEUR 27,016). This corresponds to 16.9 % (previous year: 12.8 %) of the balance sheet total. Without the application of IFRS 16, the cash plus the securities held as a liquidity reserve would amount to 17.9 % of the balance sheet total.

Receivables from goods and services decreased by 0.2 % and amounted to KEUR 25,927 on 31 December 2019 following KEUR 25,980 in the previous year.

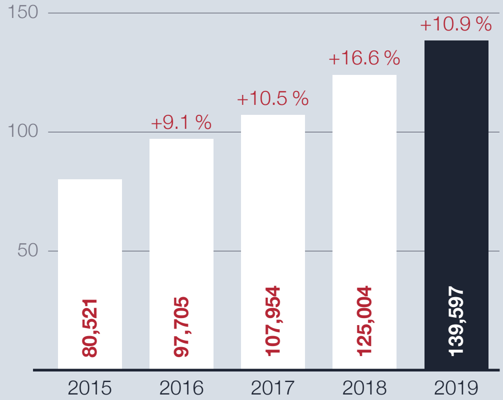
+ 8,2 % COMPARED TO PREVIOUS YEAR

Group sales in KEUR



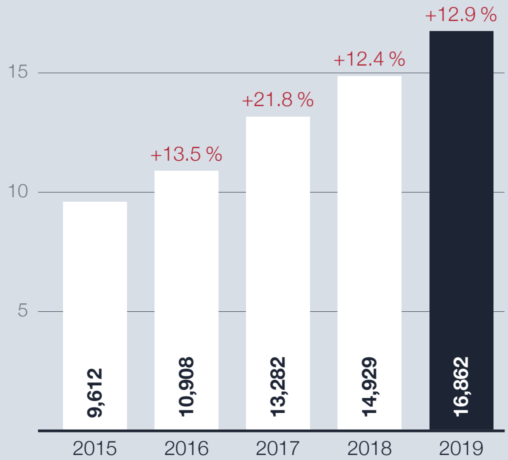
+10.9 % COMPARED TO PREVIOUS YEAR

Sales in the Healthcare Software Division in KEUR



+ 12,9 % COMPARED TO PREVIOUS YEAR

Result before tax on income in KEUR



Financial Situation

The inflow and outflow of funds is shown in the cash flow statement. In 2019, cash flow from operating activities amounted to KEUR 24.618 and consequently considerably higher than the cash flow of the previous year (20,241) (+21,6 %). Essentially, the increase is attributable to the changes in receivables and other assets and the initial application of IFRS 16 Leases. The recognition of amortization payments for leases in the cash flow from financing activities amounting to KEUR 4,122 means that the cash flow from operating activities improved accordingly. Cash outflow from investing activities amounted to KEUR -7,010 (previous year: KEUR -17,164) on balance and resulted primarily from higher disbursements for acquisitions of companies and investments in intangible assets and property, plant and equipment. Cash flow from financing activities amounted to KEUR -10.150 (previous year: KEUR -4,438) and includes above all dividend payments, deposits and payments for the sale and purchase of own shares. A corresponding deterioration resulted from the initial application of IFRS 16 Leases and the associated recognition of the repayments for leases in the cash flow from financing activities amounting to KEUR 4,122.

Investments / Acquisitions

Refer to section “Business Model” of the Management Report for a change in the investment structure of NEXUS AG.

Other Financial Obligations

The Group has mainly concluded leasing agreements for operation and business facilities (incl. EDP hardware) and company vehicles. In addition, there are rental contracts and other contract obligations for business offices. The purpose of the contracts is the financing and procurement of assets necessary for business operations. Risks can be created by the conclusion of expensive follow-up contracts at higher costs after expiration of these contracts.

Advantages, which resulted in decisions for carrying out or retaining these transactions, are found mainly in the low capital requirements for the company in procuring the required assets for business. In addition, there is no exploitation risk for the company thanks to the leasing financing and the possibility of short-term securing of the current state of technological development.

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 55.3 % equity capital, 21.8 % long-term debts and 22.9 % short-term debts. The long-term debt consists of pension obligations and other financial liabilities. This essentially concerns accruals, other financial debts and trade accounts payable, which are to be attributed to operative business.

Financial and Non-Financial Performance Indicators

The financial performance indicators (key figures) of the NEXUS Group, i.e., sales and result before taxes, have developed positively in the Group. The key figures of “Sales” and “Revenue before taxes” increased substantially in the Healthcare Software Division. Sales and revenues before taxes decreased considerably in the Healthcare Service Division. The non-financial performance indicator “relative market position” increased slightly in each case.

OPPORTUNITIES AND RISKS REPORT

The business operations of NEXUS Group are connected with risks and opportunities. 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, which concern changes and errors of the environment, industry, internal management and performance processes or the financial environment.

Opportunity Report

There are decisive risks and opportunities, which could entail a considerable change of the economic situation at NEXUS, in the market and industry environment. NEXUS AG 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 stable and public budgets are not tight, especially in Germany. However, further budget cuts will be discussed concerning many European public budgets, which also have an impact on the financing of public investment. In European countries, this includes the healthcare system and in particular hospitals.

Gartner has set its 2020 global IT spending growth forecast at 3.7 % and sees the highest growth in enterprise software in the EMEA region. Frost and Sullivan indicated in a current 2019 study that IT spending in European hospitals will continue to rise in the next three years. In Germany, France, the UK and Spain alone, more than USD 6.0 billion is spent on information technology in the healthcare sector. The savings effects are also considered high. According to a study by Mc.Kinsey & Company (10/2018), the use of digital technologies in German healthcare can save up to EUR 34 billion annually. This represents approx. 12 % of the total annual healthcare and nursing costs of the recently EUR 290 billion.

Even if the figures do not provide direct information about individual willingness to invest of institutions in the healthcare sector, NEXUS Group assumes that the target group of somatic and psychiatric hospitals, medical care centers, rehabilitation, senior citizen and nursing homes will also continue to participate in the trend to increasing investments in IT and software solutions. This provides considerable opportunities for NEXUS to achieve above-average growth.

Our current technology and market position open up the possibility for us to acquire new customers and improve our margin. Our customer base till now is an excellent reference for this. Our technology strategy and our separation between a hospital and a diagnostic system are receiving increasing attention on the market. As supplier of quality software, NEXUS has earned a very good reputation on the market and is considered a stable, growing company. Over the past years, this applied especially to the German, French and Dutch markets and the Polish market since 2018, in which the NEXUS Group was able to win important orders with its new product NEXUS/HIS^{NG} and consequently replace other established competitors.

However, if other companies are able to establish their products as standards in spite of the segmented market, the strategy of NEXUS Group as a supplier to small- and medium-sized companies with an international presence will not be successful. Due to progressing consolidation, the possibility of a takeover by a competitor also continues to exist. 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 appropriate internal monitoring system as well as controlling instruments and risk management. 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.

Identification

The management team has identified the following risk areas:

+ Customer projects
+ Development projects
+ Lack of market acceptance of products
+ Risks due to leaving of core know-how carriers
+ Process risks
+ Development of subsidiaries and holding companies
+ IT security and availability
+ Reputation
+ Regulatory risks

- Fraud risk
- Data security and data protection
- Company decisions

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. Six risk sheets were reported to the Executive Board from the offices responsible for it in 2019, and the Executive Board evaluated them.

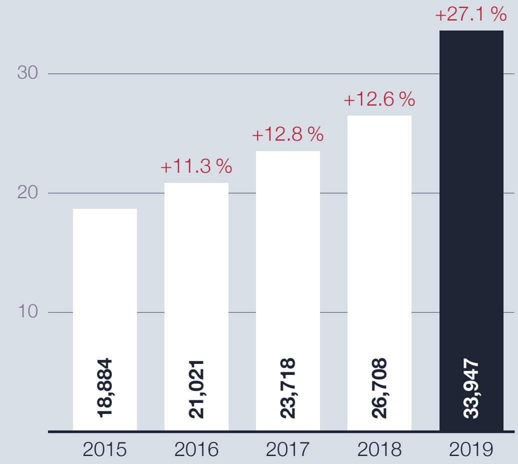
Purchasing is essentially order-related and arranged after discussing and agreeing on this with the project manager responsible. Payments are approved by the Executive Board at NEXUS AG and by the respective managing director at the subsidiaries. The personnel settlement process for the domestic companies is carried out centrally in Donaueschingen and is subject to the four-eyes 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 communication 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 two segments Healthcare Software and Healthcare Services.

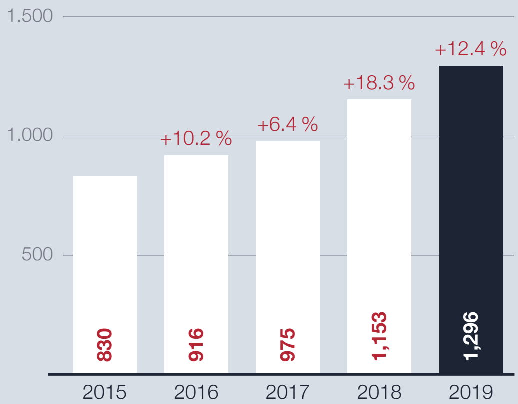
+ 27,1 % COMPARED TO PREVIOUS YEAR

EBITDA (unadjusted for IFRS 16 effect) in KEUR



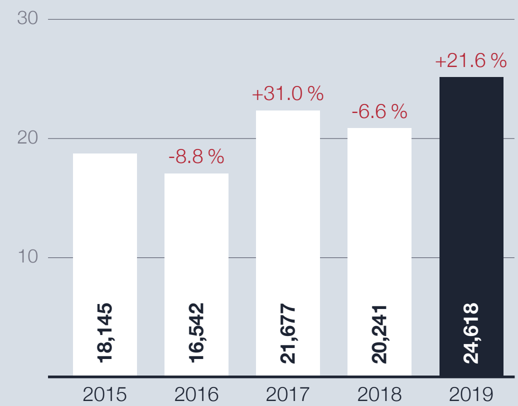
NUMBER OF EMPLOYEES

average number of employees and trainees



CASH FLOW

from current business transactions in KEUR



Valuation and Control

Risk type	Probability of Occurrence	Degree of Financial Impact
Strategic Risks		
Company decisions	High	High
Operating Risks		
Project Risks in Customer Business	High	Medium
Risks in Development Projects	High	High
Risks due to a Lack of Market Acceptance of Our Products	Medium	High
Risks due to Leaving of Core Know-How Carriers	Medium	Low
Risks in IT Security and Availability	Low	Low
Reputation Risk	High	Medium
Data Security and Data Protection	Low	Low
Occupational Safety	Low	Low
Legal and Compliance Risks		
Process Risks	Low	Low
Regulatory Risks	High	Medium
Fraud Risk	Low	Low
Financial Risks		
Risks in the Development of Subsidiaries and Profit Centers	High	High

Strategic Risks

Company decisions: Risks can arise from strategic company decisions, which change the short-term and long-term chance and risk potential of NEXUS.

Operating Risks

Project Risks in Customer Business: 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 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 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).

Risks in 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. Failure to comply with and exceed these limits may 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.

Risks due to a Lack of Market Acceptance of Our Products: There is a risk that the innovation advance 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.

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

Risks due to Leaving of Core Know-How Carriers: The development of NEXUS 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 could 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 faces this risk with active personnel development, an important component for far-sighted and reliable safeguarding of our human resources.

Risks in 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 in 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 Risk: The reputation risk can have serious material consequences for NEXUS AG and its subsidiaries and can arise due to the deterioration of the general financial position 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.

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. The European General Data Protection Regulation (EU GDPR) has been in force since 25 May 2018. Non-compliance with the provisions of the EU GDPR is defined as a risk. For the early detection of non-compliance with the legal regulations in data protection, a data protection officer was commissioned, who monitors the European General Data Protection Regulation (EU GDPR).

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 work-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 and the desire to exploit our weaknesses. The impression is that NEXUS AG only needs to be put into a legal situation to be able to put pressure on it. Significant risks could arise from commission suits brought by commercial agents, sales agents and employees, actions brought by shareholders for lack of equal treatment, and information breaches 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] and IFRS). 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 investor relations area. There is also the risk of fines being imposed by the Federal Financial Supervisory Authority (BaFin). Changes in the accounting regulations may have an impact on the results of the consolidated and individual 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 head of Finances as well as by the Executive Board of NEXUS AG. The four-eyes principle is maintained on principle. 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 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 in the Development of Subsidiaries and Profit Centers: In the case of subsidiaries, different risks may arise due to the need to devalue the investment approaches (impairment test), over-indebtedness and liquidity problems as well as integration problems. Due to the large number of subsidiaries, these risks must be regarded as particularly serious, since the misalignment of individual subsidiaries / profit centers can result in a threat to the existence of the entire company. 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.

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 Opportunity and Risk Situation of the NEXUS Group

NEXUS AG as well as all subsidiaries work according to a uniform method of opportunity/risk analysis and opportunity/risk management. Early detection of risks is given decisive importance in this. The monitoring of risks by unambiguous key figures (sales, result before taxes, relative market position) enables a clear assessment of the significance.

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

INFORMATION RELEVANT TO ACQUISITIONS

Composition of Equity Capital and Securities Market 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 15,752,231 is composed of the following: Common stocks: 15,752,231 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 share certificates. A total of 15,748,971 shares 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.

Naming and Dismissing Executive Board Members and Amendments to the Articles of Incorporation

More far-reaching bylaws for naming or dismissing Executive Board members do not exist other than the legally applicable ones. In addition, there are no essential bylaw provisions, which deviate from legal regulations and flexible regulations.

Rights of the Executive Board with respect to the Option of Issuing or Buying Back Stocks, Empowerment to Purchase Own Stocks

With its resolution of 12 May 2017, the annual general meeting of NEXUS AG authorized the Executive Board to repurchase up to a total amount of 10 % of the capital until 30 April 2022, which was present in convening the general meeting, i.e., to acquire up to a maximum 1,573,566 shares with the notional par value of EUR 1.00. The Executive Board is authorized to redeem the acquired own shares with the approval of the Supervisory Board without further shareholders' resolution as well as the shareholders' subscription rights in the case of use of own shares subject to the detailed provisions published in the Federal Gazette, item 7, on 17 May 2017, of the agenda of annual stockholders meeting of NEXUS AG. The hitherto existing authorization of 18 May 2015 was thus canceled.

It 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 the consent of the Supervisory Board, the Executive Board of NEXUS AG resolved to exercise the authorization granted by the Annual General Meeting of 18 May 2015 to purchase up to 200,000 of its own shares (representing 1.27 % of share capital) of the company pursuant to Section 71 (1) No. 8 of the Stock Corporation Act (AktG). From this share buy-back program, 95,558 (previous year: 78,956) own shares were purchased (= EUR 95,558 share capital; previous year: EUR 78,956) by 31 December 2019 at an average price of EUR 24.10. This corresponds to share capital of 0.6 % (previous year: 0.5 %).

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 30 April 2021 with approval of the Supervisory Board one time or several times up to a total of EUR 3,000,000.00 via issue of new no-par bearer stocks (individual share certificates) against cash and/or capital subscribed in kind (authorized capital 2016). 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:

a) For residual amounts
b) For issue of new stocks to employees of the company or an affiliated company
c) For issue of new stocks against capital subscribed in kind for purchase of companies, company parts or shares in companies
d) 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 Subsection 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 15,735,665.00) 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) as well as 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).

Conditional Capital

The capital stock of the company was increased conditionally by EUR 1,400,000.00 via issue of up to 1,400,000 registered share certificates with an accounting par value of EUR 1.00 each (Conditional Capital 2012). The conditional 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 conditional capital increase will only be carried out insofar as stock options are issued and the owners of these stock options use their subscription rights and the company offers its own stocks not in fulfillment of subscription rights.

Remuneration Report

The following remuneration report, taking into account the recommendations of the German Corporate Governance Code as amended in 07 February 2017, complies with the requirements of German commercial law (HGB) and contains the information required in accordance with IFRS 2.44 on share-based remuneration.

Basic Features of the Remuneration System

The Supervisory Board of NEXUS AG sets the structure and amount of remuneration for the Executive Board members. The remuneration system for the Executive Boards is based on the principles of orientation to performance and result and is composed of a success-independent base payment (incl. ancillary performance) as well as success-dependent components. In addition, the Group maintains a pecuniary loss insurance policy for its executive body members (i.e., a directors' and officers' liability insurance policy). Criteria for the appropriateness of the remuneration to each Executive Board member especially include the responsibilities of the respective Executive Board member, his personal performance, the economic situation, and the success and future outlook of company under consideration of the market environment.

The success-independent base remuneration is composed of a fixed sum, paid in 12 monthly payments, and nonmonetary compensation, which equal the value of company car use in line with tax stipulations (ancillary performances). The variable, performance-related component of the remuneration consists of two components (bonuses 1 and 2) for the members of the Executive Board.

The following persons were members of the Executive Board as of 31 December 2019:

+ Dr. Ingo Behrendt, Chief Executive Officer
+ Ralf Heilig, Chief Sales Officer
+ Edgar Kuner, Chief Development Officer

Executive Board

Bonus 1 is based on annually newly concluded target agreements with sales director Ralf Heilig and development director Edgar Kuner, whereby bonus 1 is limited to a maximum amount of EUR 80 thousand upon target achievement. Bonus 1 is based on the consolidated result of the financial year of NEXUS AG for CEO Dr. Ingo Behrendt, the bonus being limited to a maximum amount of KEUR 260. Bonus 1 is due after determination of the target achievement or approval of the consolidated financial statements of NEXUS AG.

Bonus 2 is based on the medium-term development of the Group EBITDA of the NEXUS Group (LTIP), based on a rolling average of three financial years (2018–2020; bonus cycle). Bonus 2 is limited to a maximum amount of KEUR 400 for Ralf Heilig, Chief Sales Officer, and for Edgar Kuner, Chief Development Officer, and to a maximum amount of KEUR 950 for CEO Dr. Ingo Behrendt. Members of the Executive Board may request payment in no-par value shares of NEXUS AG, based on an average value for the bonus cycle. Bonus 2 is due after approval of the consolidated financial statements of NEXUS AG for the last fiscal year of the bonus cycle (2020), whereby advance payments can be made after approval of the consolidated financial statements for the first and second years of the bonus cycle. For the claim from bonus 2 for the 2018 financial year, the members of the Executive Board have chosen to settle in cash. The members of the Executive Board are expected to elect cash compensation for the entitlement under bonus 2 for the 2019 financial year.

The Executive Board members were entitled to a total of 160,000 shares of NEXUS AG from the previous bonus cycle (2015-2017). At the time of approval, the fair value was KEUR 788. The entitlement of the Executive Board members was deferred in 2017 to enable NEXUS AG to fulfill its obligations under the current share repurchase program. As of 31 December 2019, CEO Dr. Ingo Behrendt is entitled to 64,000 shares and Chief Sales Officer Ralf Heilig and Chief Sales Officer Edgar Kuner are entitled to 10,000 shares each. Chief Sales Officer Ralf Heilig is entitled to a monthly payment from NEXUS AG to a pension fund. The pension entitlement arises upon reaching the age of 60.

Chairman of the Supervisory Board Dr. Ingo Behrendt is entitled to a monthly payment to four pension funds. In addition, there is a direct commitment from NEXUS AG for a fixed monthly pension, which depends on the duration of company membership. The net present value of this direct commitment amounts to KEUR 336 as of 31 December 2019. The pension expenses of the reporting year amount to KEUR 336. The pension entitlement arises upon reaching or reaching the age of 60.

The following detailed list represents the Executive Board remuneration in accordance with 2.44 IFRS:

Inflow (in KEUR)	**Dr. Ingo Behrendt Chief Executive Officer Starting date: 01/03/2000**				**Ralf Heilig Chief Sales Officer Starting date: 01/10/2001**				**Edgar Kuner Chief Development Officer Starting date: 01/08/1989**			
	2018	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2019 (Min)**	**2019 (Max)**
Fixed remuneration	322	280	280	280	180	174	174	174	170	170	170	170
Incidental benefits	12	12	12	12	14	14	14	14	9	9	9	9
Total	334	292	292	292	194	188	188	188	179	179	179	179
Annual variable remuneration	250	260	0	260	80	80	0	80	70	70	0	70
Multi-annual variable remuneration												
LTIP 2015–2017	245	699	0	699	245	240	0	240	245	240	0	240
LTIP 2018–2020	0	135	0	135	0	60	0	60	0	60	0	60
Total	495	1,094	0	1,094	325	380	0	380	315	370	0	370
Pension costs	18	18	18	18	6	6	6	6	0	0	0	0
Total compensation	847	1,404	310	1,404	525	574	194	574	494	549	179	549
Total remuneration without non-period inflow	602	705	310	705	280	334	194	334	249	309	179	309

Grants in 2019 (in KEUR)	**Dr. Ingo Behrendt Chief Executive Officer Starting date: 01/03/2000**				**Ralf Heilig Chief Sales Officer Starting date: 01/10/2001**				**Edgar Kuner Chief Development Officer Starting date: 01/08/1989**			
	2018	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2019 (Min)**	**2019 (Max)**	**2018**	**2019**	**2019 (Min)**	**2019 (Max)**
Fixed remuneration	322	280	280	280	180	174	174	174	170	170	170	170
Incidental benefits	12	12	12	12	14	14	14	14	9	9	9	9
Total	334	292	292	292	194	188	188	188	179	179	179	179
Annual variable remuneration	260	260	0	260	80	80	0	80	80	80	0	80
Multi-annual variable remuneration												
LTIP 2015–2017	0	0	0	0	0	0	0	0	0	0	0	0
LTIP 2018–2020	101	240	0	240	45	107	0	107	45	107	0	107
Total	361	500	0	500	125	187	0	187	125	187	0	187
Pension expenses [1]	18	354	354	354	6	6	6	6	0	0	0	0
Total compensation	713	1,146	646	1,146	325	381	194	381	304	366	179	366
Total remuneration without non-accrual grant	713	810	310	810	325	381	194	381	304	366	179	366

[1] *In connection with the direct commitment, a pension provision was created for the first time in the reporting year based on new actuarial calculations for the pension entitlement earned since the entry into service.*

The total remuneration for 2019 includes a total of KEUR 699 for Dr. Ingo Behrendt, KEUR 240 for Ralf Heilig and KEUR 240 for Edgar Kuner from a share bonus program for the years 2015-2017. The transfer of the shares (inflow) did not take place until 2019, since the Executive Boards postponed the issue to the company. The deferral took place without interest and without dividends. Without this non-periodic inflow, the total remuneration of the inflow in 2019 would have amounted to KEUR 705 for Dr. Ingo Behrendt, KEUR 334 for Ralf Heilig and KEUR 309 for Edgar Kuner.

In the total remuneration for 2019 for Dr. Ingo Behrendt, non-periodic pension expenditures in the amount of KEUR 336 have been granted. These expenses are attributable to the periods 2000–2018. Without this non-periodic grant, the total remuneration of the grant amounts to a maximum of KEUR 810 and a minimum of KEUR 310.

Supervisory Board

The general stockholders meeting of NEXUS AG sets the structure and amount of remuneration to the Supervisory Board members; this is regulated in the bylaws of NEXUS AG. The remunerations are based on the tasks and responsibilities of the Supervisory Board members as well as on the business success of the Group. Every Supervisory Board member receives an annual payment, which is composed of fixed and variable amounts. The fixed remuneration for the Supervisory Board chairperson is EUR 15,000 and EUR 11,000 for the other Supervisory Board members. In addition, result-dependent variable compensation is granted, which is maximum EUR 15,000 for the Supervisory Board chairperson and maximum EUR 5,000 for the other Supervisory Board members. The chairpersons in other committees are granted additional EUR 1,000.

The following persons are members of the Supervisory Board:

+ Dr. jur. Hans-Joachim König, Singen; Chairperson
+ Prof. Dr. Ulrich Krystek, Berlin; Deputy Chairperson
+ Prof. Dr. med. Felicia M. Rosenthal, Freiburg
+ Prof. Dr. Alexander Pocsay, St. Ingbert
+ Dr. Dietmar Kubis, Jena (starting from 03 May 2019)
+ Jürgen Rottler, Singen (starting from 03 May 2019)
+ MBA (FH) Wolfgang Dörflinger, Constance (until 03 May 2019)
+ Gerald Glasauer, Business Manager, Obersulm (until 03 May 2019)

The overall remuneration of the Supervisory Board amounted to KEUR 112 (previous year: KEUR 112). In addition to their work in the Supervisory Board, the members of the Supervisory Board provide services themselves or via companies affiliated with them for the NEXUS AG and invoice them in line with customary market conditions. In 2019, the expenses for such service fees amounted to KEUR 72 (previous year: KEUR 121).

(GROUP) CORPORATE GOVERNANCE STATEMENT AND COMPLIANCE STATEMENT

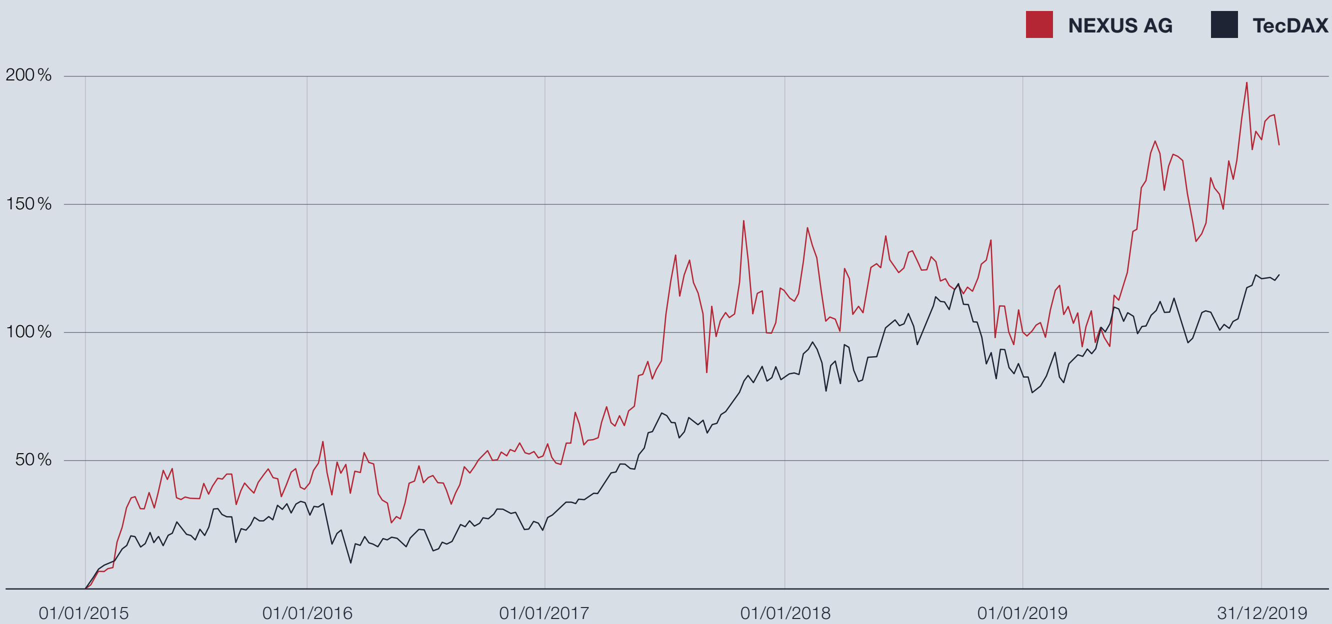
The (Group) Corporate Governance Statement as well as Compliance Statement according to Section 161 of the German Stock Corporation Law (AktG) have been published at the company website at en.nexus-ag.de – Company – Investor Relations – Corporate Governance.

SEPARATE NON-FINANCIAL GROUP DECLARATION

The Non-Financial Group Declaration in accordance with Subsections 315b–315c of the German Commercial Code (HGB) in conjunction with Subsections 289c–289e HGB was published on the company website en.nexus-ag.de – Company – Investor Relations – Corporate Governance.

Stock Market, Event and Financial Data

FRANKFURT STOCK EXCHANGE STOCK PRICES (5-YEAR PERIOD)



FORECAST REPORT FOR 2020

The digitization of health care has a high economic and political significance in many countries. As healthcare standards continue to rise, providers are increasingly struggling to provide sufficient human resources. Digitization plays a key role in this situation. Digitized processes can automate work steps and improve quality. With respect to the political sphere, the public is increasingly aware that Europe is falling behind other regions in digitization.

Therefore, budgets for IT are increasing and far-reaching digitization concepts are being worked out in many hospitals. This very positive development is only dampened by the 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. For this reason, we do not currently see a surge in demand for new solutions. The willingness to replace systems, for which no further development potential is expected, remains low.

However, some developments are increasing the pressure on the health facilities to change faster. In particular, patients are demanding more digital communication and data transfers and show little understanding for organizational hurdles. Patients are threatening to switch to more innovative providers (telehealth providers) and therefore cause economic pressure on their previous service providers. A positive factor is that the transformation to cloud solutions and a strong orientation toward micro services is making the implementation of new technological solutions easier.

Despite this mixed starting point, the future prospects of NEXUS are still very positive. Thanks to our modern product portfolio and the cross-selling potential, which we have with our numerous existing customers, we have been able to achieve growth in a less dynamic market environment. Especially the introduction of our ONE/NEXUS initiative, but also the integration of recent company acquisitions, further improve our strategic position.

In 2020, we will therefore also focus very much on further merging our products, expanding our ONE / NEXUS references and actively tackling new sales opportunities. This is why 2020 will be a preparatory year for us, in which we do not so much want to focus on increasing sales, but rather want to expand our position as a strong European brand.

Despite extensive measures, we expect a slight increase in sales for the NEXUS Group in the “Healthcare Software” Division. In the “Healthcare Service” Division, we expect revenues slightly below the previous year’s level due to the change in strategy. Overall, we see a further slight increase in sales and earnings before taxes for 2020. A slight improvement in the relative market position in the relevant markets is part of this. Planning takes into account further investments in internationalization and the expansion of our product range. Should significant changes occur in the consolidated group in 2020, this may result in a change in planning.

NEXUS AG
Donaueschingen, 09 March 2020

The Executive Board

Dr. Ingo Behrendt
Ralf Heilig
Edgar Kuner

INVESTOR RELATIONS

Active communication with our stockholders, potential investors, analysts and the finance market are the focal point of our investor relation activities. We continually inform all market participants promptly and comprehensively via press releases and ad hoc announcements as well as the mandatory quarterly, semi-annual and annual financial reports.

In addition, we cultivate intensive dialog with institutional investors and finance analysts via telephone conferences, one-on-one meetings and on roadshows. Our Investor Relations team is of course at your disposal as contact persons.

10 March 2020
IR Conference Call on the Annual Report 2019

29 April 2020
Quarterly Report Q1 / 2020

30 April 2020
Annual General Meeting 2020, Donaueschingen

11 August 2020
Half-Year Report 2020

11 August 2020
IR Conference Call on Half-Year Results

21–23 September 2020
Investor Conference Berenberg, Munich

10 November 2020
Quarterly Report Q3 / 2020

DIVIDENDS

We are convinced that our shareholders should be appropriately involved in the 2019 result. At the same time, further equity financing of our growth plans must be ensured. The Executive Board and Supervisory Board will propose at annual general meeting to pay to shareholders a one cent higher dividend compared to the previous year, i.e., 0.18 EUR (2018: 0.17 EUR).

Stock Market Prices (closing prices Xetra)				
	2019	**2018**	**2017**	**2016**
Highest	36.00	29.30	29.26	19.22
Lowest	22.70	22.30	17.49	15.10
Stock Market Capitalization (fiscal year in millions of euros)	545.0	385.1	406.6	277.9
Result per share (diluted) in EUR	0,69	0,69	0,62	0,52

“Rapid access to patient data via tablet or smartphone is very important to me in everyday work.”

René Marahrens
Oberarzt, Psychiatrische Klinik Uelzen gGmbH


Ch. Kienbaum
Verwaltung

Consolidated balance sheet

AS OF 31/12/2019 AND 31/12/2018

ASSETS	Appendix	31/12/2019	31/12/2018
Long-Term Assets		KEUR	KEUR
Goodwill	5	74,018	72,762 [1]
Other intangible assets	5	38,677	38,609
Fixed (Intangible) assets	6	10,794	10,378
Rights of use of leased assets	4	10,791	-
Shares in companies valuated at equity	7	15	26
Deferred tax assets	9 / 26	3,650	3.860
Other financial assets	11	355	156
Total of Long-Term Assets		**138,300**	**125,791**
Short-Term Assets			
Inventories	8	418	536
Trade receivables and other receivables	10	25,927	25,980
Contract assets	10	640	1,007
Receivables from tax on profits		2,340	1,511
Other non-financial assets	12	3,049	1,918
Other financial assets	11	2,188	27,249
Short-term financial assets	11	1,671	1,586
Cash and balance in bank		33,533	25,430
Total of Short-Term Assets		**69,766**	**85,217**
Balance Sheet Total		**208,066**	**211,008**

[1] *In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) was adjusted by KEUR 700. Further details can be found in number 3.*

EQUITY AND LIABILITIES	Appendix	31/12/2019	31/12/2018
Equity capital and reserves	**13**	**KEUR**	**KEUR**
Subscribed capital		15,752	15,752
Capital reserves		32,987	34,166
Retained earnings		60,427	52,182
Consolidated surplus		10,841	10,921
Other cumulated Group result		-8,666	-4,640
Own shares		173	-759
Equity capital attributable to stockholders of the parent company		**111,514**	**107,622**
Shares of non-controlling partners		**3.621**	**703**
Total Equity Capital		**115,135**	**108,325**
Long-Term Debts			
Pension obligations	14	17,198	10,838
Deferred tax liabilities	9 / 26	7,369	7,219
Other financial debts	16	13,940	19,358
Liabilities right of use	4 / 16	6,899	-
Total of Long-Term Debts		**45,406**	**37,415**
Short-Term Debts			
Accruals	15	10,772	13,128
Financial liabilities	16	0	9,000
Trade accounts payable	16	6,326	7,070
Liabilities from tax on profit	16	1,700	1,615
Deferred revenue	16	5,946	4,660
Other non-financial debts	16	4,296	3,111
Other financial debts	16	12,669	21,285 [1)]
Liabilities right of use	4 / 16	3,966	-
Contract liabilities	16	1,850	5,399
Total of Short-Term Debts		**47,525**	**65,268**
Balance Sheet Total		**208,066**	**211,008**

Group Profit And Loss Account

FOR THE PERIOD FROM 01/01/2019 TO 31/12/2019 AND 01/01/2018 TO 31/12/2018

	Appendix	01/01/2019–31/12/2019	01/01/2018–31/12/2018
		KEUR	KEUR
Revenue	18	147,648	136,469
Development work capitalized		3,850	4,130
Other operating income	19	16,004	4,783
Cost of materials including purchased services	20	21,507	23,044
Personnel costs	21	91,566	76,392
Depreciation		16,503	11,527
Other operating expenses	22	20,482	19,238
Operating Result		**17,444**	**15,181**
Result from investments valuated at equity	23	-11	0
Finance Income	24	32	38
Finance Expenses	25	603	290
Result before Tax on Profit		**16,862**	**14,929**
Taxes on profit	9 / 26	4,741	3,933
Consolidated surplus		**12,121**	**10,996**
of the consolidated surplus, accounted to:			
– Stockholders of NEXUS AG		10,841	10,921
– Shares of non-controlling partners		1,280	75
Consolidated net earnings per share			
Weighted average (undiluted/diluted) of issued shares in circulation (in thousands)		15,732 / 15,732	15,733 / 15,733
Undiluted / diluted	27	0.69 / 0.69	0.69 / 0.69

Group Statement of Comprehensive Income

FOR THE PERIOD FROM 01/01/2019 TO 31/12/2019 AND 01/01/2018 TO 31/12/2018

	01/01/2019–31/12/2019	01/01/2018–31/12/2018
	KEUR	KEUR
Consolidated surplus	12,121	10,996
Other comprehensive income		
Positions, which are never reclassified in profit or loss		
Actuarial profits and losses	-5,404	1,422
Tax effects	938	-247
Positions, which were never or never can be reclassified in profit or loss		
Currency conversion differences	469	401
Other comprehensive income after taxes	**-3,997**	**1,576**
Overall Result of the Period	**8,124**	**12,572**
of the overall result of the period, accounted to:		
– Stockholders of NEXUS AG	6,815	12,485
– Shares of non-controlling partners	1,309	87

Consolidated Cash Flow Statement

FOR THE PERIOD FROM 01/01/2019 TO 31/12/2019 AND 01/01/2018 TO 31/12/2018

	Appendix	01/01/2019–31/12/2019	01/01/2018–31/12/2018
1. Cash Flow from Current Business Transactions	29	**KEUR**	**KEUR**
Group annual result before tax on income		16,862	14,929
Write-offs (+) / write-ups (-) on intangible assets, tangible assets and financial assets	5 / 6	12,308	11,527
Depreciation (+) on rights of use according to IFRS 16 leases	4	4,195	-
Other expenses not affecting payment (+) / revenue (-)		-597	1,085
Increase (-) / decrease (+) in inventories	8	152	658
Gain (-) / loss (+) on disposal of fixed assets and securities		61	-79
Increase (-) / decrease (+) in receivables and other assets from operating activities [1]		12,291	-1,104
Increase (+) / decrease (-) of accruals insofar as not entered in other comprehensive income	14 / 15	-4,240	-2,550
Increase (+) / decrease (-) in liabilities from operating activities		-11,601	-381
Interest expense (+) / interest income (-)		-379	-57
Income tax payments (-)		-4,434	-3,787
		24.618	**20,241**
2. Cash Flow from Investment Activities	30		
Payments (-) for investments in intangible and fixed assets	5 / 6	-5,872	-7,654
Cash proceeds (+) for sale of intangible and fixed assets		141	0
Payments (-) for additions to the consolidated group	3	-1,279	-9,510
		-7,010	**-17,164**
3. Cash Flow from Financing Activities	31		
Payments (-) for the acquisition of non-controlling interests for already consolidated companies		-2,492	-1,579
Payments (-) for the repayment of lease liabilities		-4,122	0
Dividends paid (-)		-2,676	-2,519
Disbursements (-) of dividends to minority shareholders		-436	0
Payments (-) for the acquisiton of own shares		-424	-1,345
Receipts (+) from the sale of own shares		0	1,005
		-10.150	**-4,438**
Cash relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)		7,458	-1,361
Exchange rate changes on cash and cash equivalents		645	255
Cash and cash equivalents at beginning of period		**25,430**	**26,536**
Cash and cash equivalents at end of period		**33,533**	**25,430**
Composition of cash and cash equivalents	32		
Liquid funds		33,533	25,430
Bank liabilities due on demand		0	0
		33,533	**25,430**

[1] Offsetting the inflow and outflow of funds from the fulfillment of the closing conditions from the purchase of NEXUS SWISSLAB GmbH

Our sites

Frankfurt (Main)
Heidelberg
Kassel
Münster
Frechen
Jena
Ratingen
Magdeburg
Berlin
Poznan
Utrecht
NL
DE
PL
Erlangen
Neckarsulm
FR
CH
AT
Widnau
Singen
Munich
Vienna
Donaueschingen
Lugano
ES
Number of employees
(as of March 2020)
Vichy
Basel
Wallisellen
Zurich
25 Employees
50 Employees
100 Employees
150 Employees
Altishofen
Barcelona
Grenoble
Headquarter

Group Statement of Changes in Equity

FOR THE PERIOD FROM 01/01/2019 TO 31/12/2019 AND 01/01/2018 TO 31/12/2018

	Subscribed capital	Capital reserves	Retained earnings	Annual net profit
	KEUR	KEUR	KEUR	KEUR
Consolidated equity as of 1 January 2018	**15,752**	**34,953**	**48,202**	**9,832**
Adaptation of the initial application of IFRS 9	-	-	-103	-
Adaptation of the initial application of IFRS 15	-	-	6	-
Adjusted Group Equity as of 1 January 2018	**15,752**	**34,953**	**48,105**	**9,832**
Posting of consolidated surplus 2017 in the Group profit carried forward	-	-	9,832	-9,832
Actuarial profits and losses	-	-	-	-
Deferred taxes entered in other comprehensive income	-	-	-	-
Currency differences	-	-	-	-
Other comprehensive income after taxes	**0**	**0**	**0**	**0**
Consolidated surplus 2018	-	-	-	10,921
Overall Result of the Period	**0**	**0**	**0**	**10,921**
Dividend payment	-	-	-2,519	-
Purchase of own shares	-	-	-	-
Issue of own shares	-	-	-	-
New minority interests	-	-	-3,236	-
Stock-based payment	-	-787	-	-
Consolidated equity as of 31 December 2018	**15,752**	**34,166**	**52,182**	**10,921**
Consolidated equity as of 1 January 2019	**15,752**	**34,166**	**52,182**	**10,921**
Posting of consolidated surplus 2018 in the Group profit carried forward	-	-	10,921	-10,921
Actuarial profits and losses	-	-	-	-
Deferred taxes entered in other comprehensive income	-	-	-	-
Currency differences	-	-	-	-
Other comprehensive income after taxes	**0**	**0**	**0**	**0**
Consolidated surplus 2019	-	-	-	10,841
Overall Result of the Period	**0**	**0**	**0**	**10,841**
Dividend payment	-	-	-2,676	-
Dividend payment to minority shareholders	-	-	-	-
Purchase of own shares	-	-	-	-
Issue of own shares	-	-	-	-
New minority interests	-	-	-	-
Share-Based Payment	-	-1,179	-	-
Consolidated equity as of 31 December 2019	**15,752**	**32,987**	**60,427**	**10,841**

	Equity capital difference from currency conversion	Pension reserves	Own shares	Equity capital attributable to stockholders of the parent company	Shares of noncontrolling partners	Equity capital total	Authorized Capital
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	889	**-7,093**	**-419**	**102,116**	**893**	**103,009**	**2,984**
	-	-	-	-103	-	-103	-
	-	-	-	6	-	6	-
	889	**-7,093**	**-419**	**102,019**	**893**	**102,912**	**2,984**
	-	-	-	0	-	0	-
	-	1,421	-	1,421	1	1,422	-
	-	-247	-	-247	-	-247	-
	242	148	-	390	11	401	-
	242	**1,322**	**0**	**1,564**	**12**	**1,576**	**0**
	-	-	-	10,921	75	10,996	-
	242	**1,322**	**0**	**12,485**	**87**	**12,572**	**0**
	-	-	-	-2,519	-	-2,519	-
	-	-	-1,345	-1,345	-	-1,345	-
	-	-	1,005	1,005	-	1,005	-
	-	-	-	-3,236	-277	-3,513	-
	-	-	-	-787	-	-787	-
	1.131	**-5.771**	**-759**	**107,622**	**703**	**108,325**	**2,984**
	1.131	**-5.771**	**-759**	**107,622**	**703**	**108,325**	**2,984**
	-	-	-	0	-	0	-
	-	-5.391	-	-5.391	-13	-5.404	-
	-	935	-	935	3	938	-
	662	-232	-	430	39	469	-
	662	**-4,688**	**0**	**-4,026**	**29**	**-3,997**	**0**
	-	-	-	10,841	1,280	12,121	-
	662	**-4,688**	**0**	**6,815**	**1,309**	**8,124**	**0**
	-	-	-	-2,676	-	-2,676	-
	-	-	-	0	-436	-436	-
	-	-	-424	-424	-	-424	-
	-	-	1,356	1,356	-	1,356	-
	-	-	-	0	2,045	2,045	-
	-	-	-	-1,179	-	-1,179	-
	1,793	**-10,459**	**173**	**111,514**	**3,621**	**115,135**	**2,984**

“Digitization eliminates endless paper-work – and that’s great! I can see all relevant documents for a diagnosis at a glance with NEXUS.”

Dr. med. Stefan Siebert
Radiology Specialist at Klinik im Park, Zurich

Notes to the consolidated financial statements for the fiscal Year 2019

1. GENERAL INFORMATION

Nexus Group (hereafter referred to as NEXUS) develops and sells software and hardware solutions with its corporate divisions “Healthcare Software” and “Healthcare Service” and provides IT services, especially for customers in the health care system. The Group focuses in the area of “Healthcare Software” on information systems for hospitals and psychiatric, rehabilitation and welfare institutions. The “Healthcare Service” unit provides IT services for IT operation, especially in the healthcare system. NEXUS AG is the highest ranking parent company.

NEXUS AG is registered in the commercial registry of the Freiburg local court under number HRB 602434. NEXUS AG is a stock corporation listed on the securities market and in the Prime Standard segment. This Consolidated Financial Statement was drawn up by the Executive Board and approved for forwarding to the Supervisory Board on 09 March 2020. Publication is after checking and approving by the Supervisory Board on 10 March 2020.

The registered business address of NEXUS AG is:
Irmastrasse 1, 78166 Donaueschingen, Germany

List of consolidated subsidiaries, joint ventures and affiliated companies		31/12/2019	31/12/2018
Full consolidation	**Country**		**Capital share in %**
NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H., Vienna	Austria	100.00	100.00
Nexus Integration Solution GmbH, Donaueschingen (previously: Nexus Deutschland GmbH, Donaueschingen) [1) 2)]	Germany	100.00	100.00
NEXUS . IT GmbH SÜDOST, Donaueschingen (previously: Singen Hohentwiel) [1) 3)]	Germany	100.00	50.20
NEXUS / CLOUD IT GmbH, Donaueschingen [1)]	Germany	100.00	100.00
Nexus Medizinsoftware und Systeme AG, Altishofen [4)]	Switzerland	-	100.00
Nexus Deutschland GmbH, Donaueschingen (previously: nexus/cis GmbH, Donaueschingen) [1) 5)]	Germany	100.00	100.00
nexus/dis GmbH, Frankfurt am Main [1)]	Germany	100.00	100.00
nexus/qm GmbH, Singen Hohentwiel [1)]	Germany	100.00	100.00
nexus / reha GmbH, Donaueschingen [6)]	Germany	100.00	100.00
nexus/cso GmbH, Donaueschingen [1)]	Germany	100.00	100.00
VEGA Software GmbH, Frankfurt am Main [7)]	Germany	100.00	100.00
NEXUS Schweiz AG, Altishofen	Switzerland	100.00	100.00
Synergetics AG, Altishofen [8)]	Switzerland	60.00	60.00
NEXUS / OPTIM S.A.S, Grenoble	France	100.00	100.00
E&L medical systems GmbH, Erlangen [1)]	Germany	100.00	100.00
NEXUS / ASS.TEC GmbH, Donaueschingen [9)]	Germany	100.00	100.00
NEXUS / MARABU GmbH, Berlin	Germany	100.00	100.00
nexus / cs3i S.A.S, Bellerive-sur-Allier [10)]	France	100.00	100.00
NEXUS Nederland B.V., Nieuwegein	Netherlands	100.00	100.00
nexus / switspot GmbH, Neckarsulm [11)]	Germany	100.00	100.00
NEXUS SISINF SL, Sabadell [12)]	Spain	100.00	100.00
IBH Datentechnik GmbH, Kassel [13)]	Germany	100.00	100.00
NEXUS / CHILI GmbH, Dossenheim (previously: CHILI GmbH, Dossenheim) [14)]	Germany	83.73	83.73

Continuation on next page

Continuation:

List of consolidated subsidiaries, joint ventures and affiliated companies		31/12/2019	31/12/2018
Full consolidation	**Country**	**Capital share in%**	
highsystem ag, Zürich [15]	Switzerland	95.00	95.00
NEXUS POLSKA sp. z o.o., Poznan [16]	Poland	100.00	100.00
ASTRAIA Software GmbH, Munich [17]	Germany	100.00	100.00
Creativ Software AG, Widnau [18]	Switzerland	100.00	100.00
NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) [1] [19]	Germany	100.00	100.00
ifa systems AG, Frechen	Germany	52.56	-
Equity consolidation			
G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck [20]	Germany	49.00	49.00

[1] *Use of the exemption rule pursuant to Section 264 (3) of the German Commercial Code.*

[2] *Nexus Deutschland GmbH, Donaueschingen, was renamed Nexus Integration Solution GmbH, Donaueschingen, on 02 July 2019.*

[3] *With the share purchase agreement dated 14 June 2019, NEXUS AG acquired the remaining 49.80 % of the shares in NEXUS . IT GmbH Südost, Donaueschingen.*

[4] *Nexus Medizinsoftware und Systeme AG, Altishofen, were merged into NEXUS Schweiz AG, Altishofen, by merger agreement dated 19 September 2019, with effect from 01 July 2019.*

[5] *Die nexus/cis GmbH, Donaueschingen, was renamed Nexus Deutschland GmbH, Donaueschingen, on 01 July 2019.*

[6] *nexus / reha GmbH, Donaueschingen, was merged with the merger agreement of 18 November 2019 into nexus/cso GmbH, Donaueschingen, as of 01 January 2020.*

[7] *VEGA Software GmbH, Frankfurt am Main, was merged with the merger agreement of 18 November 2019 into Nexus Deutschland GmbH, Donaueschingen, with effect from 01 January 2020.*

[8] *The shares are held indirectly via NEXUS Schweiz AG, Altishofen.*

[9] *NEXUS / ASS.TEC, Donaueschingen, was merged with the merger agreement of 18 November 2019 into nexus / switspot GmbH, Neckarsulm, as of 01 January 2020.*

[10] *The shares are held indirectly via NEXUS / OPTIM S.A.S., Grenoble,*

[11] *NEXUS AG purchased the remaining 10.00 % of the shares in the already existing subsidiary nexus / switspot GmbH, Neckarsulm, from the existing option agreement on 15 May 2019.*

[12] *NEXUS AG purchased the remaining 10.00 % of the shares in the already existing subsidiary NEXUS SISINF SL, Sabadell, from the existing option agreement on 26 June 2019.*

[13] *IBH Datentechnik GmbH, Kassel, was merged with the merger agreement of 18 November 2019 into Nexus Integration Solution GmbH, Donaueschingen, with effect from 01 January 2020.*

[14] *Share under company law is only 51.19 %. There is an option agreement for the remaining 32.54 % of the shares. CHILI GmbH, Dossenheim, was renamed NEXUS / CHILI GmbH, Dossenheim, on 09 December 2019.*

[15] *The shares are held indirectly via NEXUS Schweiz AG, Altishofen. Share under company law is only 80.00 %. There is an option agreement for another 15.00 % of the shares.*

[16] *Share under company law is only 66.37 %. There is an option agreement for the remaining 33.63 % of the shares. NEXUS AG acquired another 11.37 % of the shares of the subsidiary NEXUS POLSKA sp. z o.o., Poznan, from the existing option agreement on 06 June 2019.*

[17] *Share under company law is only 61.0 %. There is an option agreement for the remaining 39.0 % of the shares.*

[18] *The shares are held indirectly via NEXUS Schweiz AG, Altishofen. Share under company law is only 80.0 %. There is an option agreement for the remaining 20.0 % of the shares.*

[19] *Swisslab DITS GmbH, Berlin, was renamed NEXUS SWISSLAB GmbH, Berlin, on 12 November 2019.*

[20] *G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck, was dissolved with effect from 01 January 2020.*

2. ACCOUNTING AND VALUATION METHODS

2.1 Principles for Creating the Annual Statement

This Consolidated Financial Statement has been prepared in keeping with the provisions of International Accounting Standards Board (IASB) required by the European Union following the balance sheet cut-off date in accordance with Section 315e (1) of the German Commercial Code (HGB) and the supplementary commercial law regulations. It is in keeping with the provisions of International Financial Reporting Standards (IFRS) applicable on the cut-off date, including the still applicable International Accounting Standard (IAS) and supplementary interpretations (IFRIC and SIC). All applicable IFRS and IFRIC were considered for the fiscal year 2019. Standards and interpretations of IASB, which are not applicable yet, have not been adopted.

Report Currency

The Consolidated Financial Statement is shown in euros. If not otherwise noted, all values are rounded to thousands (KEUR).

Consolidation Group

In addition to the NEXUS AG as parent company, all operatively active domestic and foreign subsidiaries are included in the Consolidated Financial Statement, for which NEXUS AG has the majority of voting rights directly or indirectly. At the balance sheet date, an affiliated company was accounted for using the equity method.

Consolidation Principles

All companies included as of 31 December 2019 drew up their Annual Financial Reports as of 31 December. These are shown in uniformly prepared, consolidation-capable financial reports in line with the International Financial Reporting Standards as they must be adopted in the European Union. Group-internal business transactions are eliminated thereafter.

The purchase method is used for company purchases. Capital is consolidated at the time, at which ownership became effective. The shown equity capital of the acquired companies is offset against the book value of participation. The asset values as well as debts and possible debts are included with their current values. Within the context of an identification process, balance sheets did not previously include IFRS 3, but intangible assets were capitalized if it was possible to carry them in the balance sheet. In addition, possible debts should be considered. Remaining value of potential earnings in excess of the book value is capitalized as goodwill according to IFES 3 and/or negative difference amounts are adopted affecting revenue after another check. Purchase price increases due in the future, which are probable, are capitalized as contingent purchase price payments expected in the future at the corresponding market value at the purchase time in goodwill and shown as trade accounts payable.

Trade accounts receivable and payable between the consolidated companies are offset within the context of debt consolidation. Internal sales have been eliminated within the framework of expenditure and revenue consolidation. Interim results have been eliminated insofar as applicable.

The Group annual surplus is determined as a completely consolidated period result according to the total costs procedure, in which all revenues and expenses are consolidated between the included companies.

The operating result shares, which other companies are entitled to, are shown separately below the consolidated surplus according or their shares are shown as separate positions within equity capital. Assets and debts of foreign subsidiaries, whose functional currency is not the euro, were converted according to the rules of IAS 21. The functional currency is the respective country currency for all companies. The balance sheets of the Group Companies in Switzerland are accordingly converted with the cut-off date exchange rate of 1.0856 CHF / EUR (previous year: 1.1266 CHF / EUR), the Profit and Loss Account with the average exchange rate of 1.1126 CHF / EUR (previous year: 1.1550 CHF / EUR), and the equity capital at historic rates. The balance sheet of the Group Company in Poland is accordingly converted with the cut-off date exchange rate of 4.2597 PLN / EUR (previous year: 4.2981 PLN / EUR), the Profit and Loss Account with the average exchange rate of 4.2980 PLN / EUR (previous year: 4.2618 PLN / EUR), and the equity capital at historic rates. Any conversion differences resulting from that are entered in the other result in equity capital without effect on net income. The same applies to conversion differences within the context of debt consolidation insofar as it is a question of chargeable receivables and loans, which are to be considered as net investment in a foreign business operation according to IAS 21.32. All other conversion differences, which occur during debt consolidation, are entered with effect on profit

2.2 Changes of the accounting and valuation method

The adopted accounting and valuation methods correspond in principle to the methods used in the previous year. However, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have decreed the adjustment of existing standards as well as a few new interpretations. All applicable, mandatory International Accounting Standards as well as IFRS and IFRIC were considered for the fiscal year 2019. The new or modified standards or interpretations are displayed in the following table, which were used by NEXUS in the fiscal year or were not used admissibly.

New, currently valid requirements:

Standard / Interpretation	Title of the Standards / Interpretation or the Amendments	Application for fiscal years starting from	Effects on the NEXUS Consolidated Financial Statements
IFRS 16	Leasing	01 January 2019	See below
Amendments to IFRS 9	Prepayment Features with Negative Compensation	01 January 2019	No effects
IFRIC 23	Uncertainty regarding income tax treatment	01 January 2019	No effects
Annual improvement process (2015–2017 cycle)	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	01 January 2019	No effects
Amendments to IAS 28	Joint ventures	01 January 2019	No effects
Amendments to IAS 19	Employee benefits Plan change, reduction or settlement	01 January 2019	No effects

Future Requirements:

Standard / Interpretation	Title of the Standards / Interpretation or the Amendments	Application for fiscal years starting from [1]	Effects on the NEXUS Consolidated Financial Statements
EU endorsement has been given by the date of release for publication			
Amendments to IAS 1 und IAS 8	Definition of materiality	01 January 2020	Principle significance
Amendment to references to the IFRS framework concept	Update of references to the IFRS framework concept	01 January 2020	Principle significance
Interest Rate Benchmark Reform	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	01 January 2020	No essential effects
EU endorsement is still pending.			
IFRS 17	Insurance Contracts	01 January 2021	No effects
Amendments to IFRS 3	Company Mergers	01 January 2020	No effects
Amendments to IAS	Classification of debt as short- or long-term	Pending	Effects still to be determined

[1] *NEXUS plans initial application pursuant to legal requirements.*

IFRS 16 – Leases

On 13 January 2016, IASB published the new standard IFRS 16 (Leases). IFRS 16 replaces the previous classification of leases based on leasing contracts on the lessee side in operating and finance leases. Instead, IFRS 16 introduces a uniform accounting model under which lessees are required to recognize assets for the right of use and lease liabilities for lease contracts with a term of more than twelve months. As a result, previously unrecognized leases must be recognized in the balance sheet in the future – largely comparable to the current accounting treatment of finance leases. IFRS 16 is to be applied for fiscal years, which begin on or after 01 January 2019. IFRS 16 is applied for the first time according to the modified retrospective method; the comparative figures for the previous periods are not adjusted. Application simplifications are used for leasing items of low value and for short-term leases (fewer than 12 months).

In 2018, the NEXUS AG used a Group-wide project for implementation of the new standards. Within the framework of a comprehensive software-supported contract analysis, the total amount of contracts in accordance with IFRS 16 is to be assessed and identified according to the type of contract clustered and after appropriate contract period. The following types of contracts have been identified:

+ Leasing contracts for motor vehicles
+ Leasing contracts for office buildings and parking spaces
+ Leasing contracts for hardware and software

The effects of the identified leases under IFRS 16 on the presentation of the Group's assets, finances and revenue are explained in the Notes to the Consolidated Financial Statements, number 4.

2.3 Essential discretionary decisions, estimates and assumptions

The most important discretionary decisions with respect to the future as well as any other essential sources of estimate uncertainties on the cut-off date, based on which a substantial risk exists that a substantial adjustment of accounting value of asset values and liabilities will be required, are explained below.

Impairment of Intangible Assets

The Group checks at least once annually whether goodwill and brands with unlimited utilization periods have depreciated. This requires estimation of the achievable amount of the cash-generating units, to which these intangible assets are allocated.

The attainable amount of an asset is the higher of the two amounts from the adjusted current value of a cash-generating unit minus sales costs and the utilization value. To estimate the utilization value, the Group must also estimate the future cash flow on one hand as well as an appropriate discount rate to determine the cash value of this cash flow.

Identified Customer Relations and Technology at Company Acquisitions Technology

The fair value of the acquired maintenance contracts (customer relations) and acquired technology at the time of the company acquisitions was determined on the basis of estimated benefits, especially on the basis of future expected payment surpluses discounted by an appropriate interest rate and written off over the expected time of use based on an assumed annual loss of customers. The fair value of acquired technology at the date of acquisition is determined on the basis of a cost-oriented method or the license price analogy method and amortized over its expected utilization period.

Brand Rights Identified at Company Acquisitions

The market value of acquired brand rights was calculated based on the license price analogy method. In this context, the value of the intangible asset was calculated as present value of saved license payments. To this end, which customary market license payments would be due fictitiously if the intangible asset in question were the property of a third party. The fictitious post-tax license payments are discounted with an appropriate interest rate on the valuation key date.

Contractually Agreed Future Contingent Purchase Price Payments for Company Acquisitions

At the time of the acquisition of companies, contingent purchase prices can be contractually agreed with the seller. The fair value (Fair Value Hierarchy Class 3) is calculated based on the planned sales and/or earnings and determined anew by the growth forecast each year. This value is discounted over its duration with a reasonable interest rate.

Non-Controlling Interests in Company Acquisitions

The components of the non-controlling interests in the acquired company at the date of acquisition are measured at the proportionate share of the current ownership instruments in the amounts recognized for the net identifiable assets of the acquired company.

Development Costs

Development costs are capitalized in line with the balance sheet and valuation method explained in Appendix position 2.4. The future course of benefits of the self-created developments is to be estimated for determining the depreciation type and period of capital expenditure for manufacturing costs.

Deferred Tax Assets on Losses Carried Forward

Credited deferred taxes are entered for all losses carried forward for taxes in the amount, in which it is probable that the income to be taxed for this is available and will remain available for this, so that losses carried forward can actually be used. Competent authority discretion of company management is to be used for determining the amount of credited deferred taxes on the basis of the expected fulfillment time and the amount of the income to be taxed in the future as well as the future tax planning strategies.

Pensions and Other Claims Payments after Termination of Employment

The expenses from performance-oriented plans are calculated using actuarial principles. The actuarial assessment is made based on the assumptions with respect to the discount rate allowed on advance payment of taxes, future wage and salary increases, mortality and future pension increases. Corresponding to the long-term orientation of these plans, such estimates are subject to substantial uncertainties.

2.4 Summary of the essential accounting and valuation method

Balance Sheet Format

Asset and debt positions in the balance sheet are classified according to their time to maturity. The Profit and Loss Account was drawn up according to the total cost type of short-term results accounting.

Financial Instruments

A financial instrument is a contract, which at the same results in creation of financial asset for one company and creation of financial liability or an equity capital instrument for another company. The financial instruments shown in the balance sheet (financial assets and financial liabilities) in the sense of IAS 32 and IAS 9 cover specific financial assets, trade account receivables, participating shares, securities, liquid funds, short-term loans, trade account payables as well as certain other assets and liabilities based on contractual agreements. According to IFRS 9, there are three valuation categories for financial assets:

+ Financial assets valuated at amortized cost
+ Financial assets valuated affecting net income at fair value
+ Financial assets valuated not affecting net income at fair value

The classification according to IFRS 9 depends on the fulfillment of the cash flow criteria, according to the contractual cash flows consist exclusively of interest and repayment as well as on the fulfillment of the business model criterion, in which the classification takes place depending on the control of the financial assets for the generation of cash flows.

According to IFRS 9, at initial entry in the balance sheet of a financial instrument, it is shown with procurement costs, which correspond to the fair value of the given counter-performance. Transaction costs are included unless it is a financial instrument recognized at fair value affecting net income. For initial recognition, classification is also carried out in one of the above-mentioned valuation categories.

Financial assets and liabilities measured at fair value through profit or loss comprise financial assets held for trading and financial assets classified at fair value through profit or loss at initial recognition. Financial assets acquired for the purposes of disposal in the near future do not meet the cash flow and business model conditions and may therefore not be valued at amortized cost. Financial assets and liabilities held for trading purposes are measured at fair value. A profit or loss resulting from the subsequent measurement, including interest and dividends, is recognized in the profit and loss statement.

Financial instruments measured at amortized cost are non-derivative financial liabilities or assets that have not been designated for fair value measurement. Assets measured at amortized cost cumulatively meet the following conditions:

+ The financial instrument is held within the framework of a business model whose objective is to hold the financial instrument to generate contractual cash flows from it, and the contractual conditions result in cash flows at pre-determined dates consisting exclusively of interest and repayment in respect of the nominal amount.

Although the Group is active internationally, most of its business is in Europe and consequently it only has limited market risks due to changes of exchange rates. Default risks are recognized using an impairment model based on expected losses in accordance with IFRS 9. The impairment model should be applied to financial assets measured at amortized cost and to contract assets.

IFRS 9 recognizes all expected credit losses on the aforementioned assets through impairment losses. For this purpose, the general model specified in IFRS 9 (three-stage-model, beginning with the "12-month-expected-credit-loss") is used or the simplified model (two-stage-model) for trade receivables and contract assets. The simplified model calculates the lifetime expected credit loss.

Impairment losses are recognized in the profit and loss statement. Appropriate and reliable information is used to assess the expected losses, which can be made available with reasonable effort. The default risks are determined, if available, on the basis of external credit ratings and historical default rates.

Intangible Assets

Acquired intangible assets are evaluated in the first-time report about procurement costs. The procurement costs of intangible assets, which were acquired at a company merger, correspond to the fair value at the acquisition time. Intangible assets are shown if it is probable that the future economic benefit allocated to the asset will go to the company and that manufacturing costs of the asset can be measured reliably. After first-time reporting, intangible assets are reported with their procurement or manufacturing costs minus every cumulated depreciation and all cumulated expenditures for impairment of value.

Self-procured intangible assets are not capitalized with exception of capitalized development costs. Costs connected with that are recorded as affecting operational results in the period, in which they occur. Whether intangible assets have a limited or unspecified utilization period must be determined first. Intangible assets with limited utilization period are written off over the useful economic life and examined for possible decrease in value. The depreciation period and the depreciation method are checked for an intangible asset with a limited utilization period at least until the end of each fiscal year. If the expected utilization period of the asset changed, a different depreciation period or a different depreciation method is selected. Such changes are treated as changes of an estimate. Write-offs on intangible assets with limited period of use are shown in the Profit and Loss Account under amortizations. Impairment tests are conducted for intangible assets with limited utilization period at least once per year. These intangible assets are not written off systematically. The utilization period of an intangible asset with unspecified utilization period is checked once annually to determine whether the estimate of an unspecified utilization period remains justified.

If this is not the case, the estimate is changed from an unspecified utilization period to a limited utilization period on a tentative basis. Profits or losses from the writing off of intangible assets are determined from the net capital gain and the accounting value of the asset and are entered affecting operational results in the period, in which the item was written off. The intangible assets contain maintenance contracts/customer relations, brands, software, technologies, goodwill and capitalized development costs.

a) Maintenance Contracts, Customer Relations

The Group acquired software maintenance contracts within the context of company acquisitions in previous years as well as in the past year. An average period of use of 10 years was assumed for customer relations. The write-off method corresponds to the expected consumption of the future economic benefit of the asset.

b) Software

Software is capitalized with its procurement costs and shown as an intangible asset. Software will be written off linearly during a period of four to six years.

c) Technologies

Technology-related assets refer to process and development know-how, which were acquired within the context of company acquisitions in the past years as well as in last year. Technologies are available to the Group in the long term and will be written off linearly over a period of five years on principle.

d) Goodwill

The excess of procurement costs of a company at the adjusted market values over the sum of identifiable assets and debts at the purchase time is called goodwill and entered in the balance sheet as an asset. For the purpose of checking whether deprecation exists, the goodwill must be allocated from the takeover day to each of the cash-generating unit or groups of cash-generating units, which should reap benefits from the synergies of the merger. This applies independent of whether other assets or debts of the Group have already been allocated to these units or groups of units. Each unit or group of units, which is allocated to goodwill, represents the lowest level within the Group on which goodwill is monitored for internal management purposes; it is not larger than a business segment as it is specified according to IFRS 8 "Business segments". The depreciation is determined by the calculation of the achievable amount of the cash-generating unit (group of cash-generating units), to which the goodwill refers. If the utilization amount of the cash-generating unit is less than the accounting value, expenditure for depreciation is entered. The value reduction is first allocated to the complete amount of goodwill. Any further value reduction is allocated proportionately to the carrying amounts of the other assets of the payment-generating unit. In cases, in which the goodwill represents a part of the cash-generating unit and part of this business area is sold, the goodwill attributed to the sold business area is included as a component of the accounting value of the business area in determining the result from the sale of the business area. Goodwill, which is sold in this way, is determined on the basis of the ratio of the sold business area to the part of the cash-generating unit not sold. Depreciated goodwill is no longer subject to appreciation.

e) Brands

Valuation of a brand considers the dissemination and utilization within different information systems on the market and is based on the brand strength and dissemination within the target group. It is conducted using a procedure oriented to capital value and based on the three-year planning of management and the fiscal year when the acquisition was made. Based on this fiscal year, the revenues are calculated using a constant growth rate. It is available unlimited to the Group and consequently is not subject to depreciation. The valuation base is tested for impairment at least once a year.

f) Development Costs

Development costs are capitalized as intangible assets with their manufacturing costs insofar as the prerequisites pursuant to IAS 38.57 are fulfilled. If these prerequisites do not exist, the development costs are entered affecting the result in the year they occurred. In the case of capitalizing, the manufacturing costs cover all cost directly attributable to the development process as well as appropriate parts of development-related overhead costs. Financing costs are not capitalized. Depreciation is written off linearly during a period of four to six years starting from completion. The write-offs of the development costs are contained in the amortizations of intangible assets and tangible assets in the Profit and Loss Account. As long as the use readiness of a capitalized development does not exist yet or there are indications of depreciation, the capitalized amount of development costs is checked for depreciation once annually.

Fixed (Intangible) assets

Fixed (Intangible) assets are shown at the procurement or manufacturing costs minus cumulated, regular amortization and cumulated depreciation. The original procurement costs of tangible assets cover the purchase price as well as all directly attributable costs to use the asset in operations. The manufacturing costs of tangible assets cover expenses, which arise due to consumption of goods and use of services for the manufacturing. In addition to itemized costs, this includes an appropriate share of the required overhead costs. Borrowing costs are recorded in the period, in which they occur. Regular write-offs are made under consideration of normal operational life. Linear depreciation is used as depreciation method.

The estimated period of use is:

1. For buildings: 20 to 33 years
2. For renter installations: 5 to 10 years
3. For other equipment, factory and office equipment: 3 to 8 years

The accounting value of plants, equipment and other tangible assets is checked if there are indications that the accounting value of an asset exceeds its attainable amount. Plant, equipment or other tangible assets are either written off at retirement or if no economic benefit can be expected from further use or sale of the asset. Profits or losses from the writing off of the asset are determined as difference between the net capital gain and the accounting value of the asset and are entered in the Consolidated Profit and Loss Statement with effects on the operational results. The remaining value of the asset values, utilization periods and depreciation methods are checked at the end of each fiscal year and adapted if necessary.

Financial Assets

The shares in affiliated companies are carried in the balance sheet according to IAS 28 in line with the equity method. An affiliated company is a company, over which the Group has decisive influence and which is neither a subsidiary nor a joint venture. A joint venture is a company managed jointly by a partner company based on a contractual agreement. According to the equity method, the investments in a company are entered in the balance as procurement costs plus the changes of the share of the company in the net worth of the affiliated company following acquisition. The goodwill connected with the affiliated company is contained in the accounting value of the share and is not written off systematically. When the equity method is used, the Group determines whether consideration of additional expenditure for depreciation is required with respect to the net investment of the Group in the integrated company. The Group annual surplus contains the share of the Group in the success of companies included according to the equity method. Changes entered directly in the equity capital of the integrated company are also entered by the Group in the amount of its share directly in equity capital and – if required – in the list about changes of equity capital. The balance sheet cutoff date of the affiliated companies corresponds to that of the Group. The balance sheet date and the accounting and estimation methods of the affiliated companies and the Group are similar business without essential deviations from the viewpoint of the Group. The investments are valuated using the equity method in accordance with IFRS 9 to fair value.

Deferred Taxes

Deferred taxes are determined using accounting-based method on all existing temporary differences the reported value of an asset or a liability in the balance sheet and the taxable value on the balance sheet date. Deferred tax liabilities and assets are entered for all temporary differences to be taxed. The following exceptions apply to this:

+ A deferred tax liability from the first-time reporting of goodwill.
+ Deferred tax liabilities or deferred tax assets from the first-time reporting of an asset or liability for a business transaction, which is not a company merger and which does not influence either the result in the balance sheet before taxes or the result to be taxed.
+ Deferred tax liabilities from temporary differences to be taxed, which are related to participation in subsidiaries, branches, affiliated companies and shares in joint ventures, when the temporal course of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.
+ Deferred claims under tax relationships are entered for all temporary differences liable for deductions, taxable losses carried forward not used yet, and tax credits not used yet in the measure, in which it is probable that the income to be taxed will be available against which the temporary differences liable for deductions, taxable losses carried forward not used yet, and tax credits can be used. This also applies to deferred tax claims from temporary differences liable for deductions, which are in connection with shares in subsidiaries, branches, affiliated companies and joint ventures.

The accounting value of the deferred tax claims is checked on each balance sheet date and reduced in the amount, in which it is no longer probable that a sufficiently large result to be taxed will be available against which the deferred tax claim can be used at least in part. Not shown deferred tax claims are checked on each balance sheet date and shown in the amount, in which it has become probable that a result to be taxed in the future will make it possible to use the deferred tax claim. Deferred tax claims and liabilities are measured using the tax rates, the validity of which is expected for the period in which the asset will be realized or a debt paid. When this is done, the tax rates (and tax regulations) are used as a basis, which are valid or announced for the balance sheet date. Deferred taxes, which refer to positions that are entered directly under other revenue, are also entered in equity capital there. Deferred tax claims and deferred tax liabilities are offset if the Group has a cause of action for offsetting actual tax refund claims against actual tax liabilities and these refer to revenue taxes of the same tax subject, which were levied by the same tax authority.

Inventories

Inventories include raw materials, consumables and trading goods that are evaluated with lower value from the procurement or manufacturing costs and the net sale value. In addition to itemized costs, the manufacturing costs contain an appropriate share of the required material and product overhead costs as well as product-related depreciation, which can be allocated directly to the performance process. Costs of administration are considered insofar as then can be attributed to the performance process. Loan capital interest is not to be capitalized, because no qualified assets exist. Inventories, which cannot be sold, are written off completely. The net sale value is the estimated sale price, which can be expected in a normal business transaction, minus the estimated costs until completion and the estimated, and the estimated, required sale costs.

Receivables and Other Assets

Receivables and other assets are measured at amortized cost in accordance with IFRS 9. The assets are held with the aim of generating the resulting contractual cash flows. The contractual terms and conditions lead to cash flows on dates already specified, which consist exclusively of interest and repayment in respect of the nominal amount.

Contract Assets

The contract assets mainly relate to the Group's claims for compensation for completed but not yet settled services from contract production of hospital information systems at the reporting date. The contract assets are reclassified into trade receivables if the rights become unconditional. This is usually done when the Group issues an invoice to the customer.

Securities

The securities are classified as at fair value affecting net income. Upon initial entry, these are recorded at their fair value. After initial recognition, the securities are measured at fair value and changes are recognized in the profit and loss statement. The adjusted current value at the time is based on the publicly listed prices of a securities market.

Impairment

IFRS 9 recognizes all expected credit losses on the aforementioned assets through impairment losses. For this purpose, the general model specified in IFRS 9 (three-stage-model, beginning with the "12-month-expected-credit-loss") is used or the simplified model (two-stage-model) for trade receivables and contract assets. The simplified model calculates the lifetime expected credit loss.

Liquid Funds

Liquid funds are composed of cash balance and credit balances at banks. These have a remaining term of fewer than three months and comply with the requirements pursuant to IAS 7.7.

The Group applies the general model in accordance with IFRS 9 to measure the expected credit losses on the cash and cash equivalents; as a result, the expected credit losses are used for the 12-month period. Also refer to section 34.

Depreciation of Long-Term Non-Financial Assets

The Group evaluates on each balance sheet date whether indications exist that an asset could have depreciated. If such indications exist or if annual checking of an asset for depreciation is required, the Group estimates the attainable amount of the respective asset. The attainable amount of an asset is the higher of the two amounts from the adjusted current value of an asset or a cash-generating unit minus sales costs and the utilization value. The attainable amount should be determined for each individual asset unless an asset does not generate any injection of funds, which are mainly independent from other assets or other groups of assets. If the accounting value of an asset exceeds its attainable amount, the asset is considered depreciated and written off at its attainable amount. The estimated cash flows are discounted at their cash value (based on a discount rate allowed before payment of taxes) and are used for determining the utilization value, which reflects current market expectations with respect to the rate of interest effect and the specific risks of the asset.

Depreciation expenses of business areas to be continued are entered in the item Depreciations. A check is made on each reporting cut-off date with exception of the goodwill to determine whether indications exist that expenditure for depreciation, which was entered in previous reporting periods, no longer exists or could have decreased. If such an indication exists, the attainable amount is estimated. A previously entered expenditure for depreciation should be canceled if estimates have changed since the entry of the last expenditure for depreciation, which was used for determining the attainable amount. If this is the case, the accounting value of the asset should be increased to its attainable amount. This increased accounting value may not exceed the accounting value, which would result after consideration of write-offs if no expenditure for depreciation had been entered in previous years. Such a value adjustment is to be entered immediately in the consolidat ed surplus. After a value has been adjusted, the expenditure for depreciation should be adjusted in future reporting periods to split the corrected accounting value of the asset, minus any remaining accounting value, among its remaining utilization period.

Treatment of Options

Options consist exclusively of in the form of put and call options related to acquisitions of companies with respect to the increase of already controlling interests. The balance sheet is shown as part of an anticipated acquisition in accordance with IFRS 3.

Pension Accruals

The Group has eight pension plans in Germany. The performances are not financed via funds, with exception of one company. In addition, financial obligations from the pension scheme according to Switzerland federal law exist in Switzerland for employee old-age, survivors' and disability benefits (BVG). Expenditures for the services granted within the context of the performance-oriented plans are determined separately for each plan using the potential pension cash value method (IAS 19). Actuarial profits or losses are entered under other revenue in equity capital after consideration of deferred taxes without affecting the operational result. The reference tables 2018 G of Heubeck-Richttafeln-GmbH are used in Germany as biometric calculation basis (death and disability probability of beneficiaries, probability of being married at time of death). In Switzerland, the statistics of the years 2010 – 2014 based on the tariff of the Occupational Pensions Act (BVG) 2015 were used as a basis. In the Netherlands, the Royal Dutch Actuarial Association (AG) projection table 2016 was applied with mortality experience adjustments.

Other Accruals

Accruals are created if a current obligation exists with respect to a third party from a past event, which will probably result in outflow of resources in the future and the amount of which can be estimated reliably. Valuation of accruals is according to IAS 37 with the best possible estimate of expenditures, which would be required for fulfilling the current obligations as of the balance sheet cut-off date. Accruals for outlays are not shown. If an essential interest effect results from the fulfillment time of the obligation, the accrual is carried in the balance sheet at cash value. An increase of accruals over time is entered under financial expenditures.

Liabilities

Liabilities are shown in the Group balance sheet when NEXUS has a contractual obligation to transfer means of payment or other financial assets to another party. The initial valuation of a liability is at the adjusted current value of the received counter-performance or at the value of the received means of payment minus any incurred transaction costs. Subsequent valuation of liabilities is at the carried forward procurement costs using the effective interest rate method. Financial liabilities are taken off the books when the contractual obligation has been paid, canceled or expired.

Possible Liabilities

Possible liabilities are not shown in the Consolidated Financial Statement until their use becomes probable. They are shown in the Consolidated Financial Statement if their use is not improbable.

Sales

The Group sells software licenses and services connected with that, which serve for implementation, maintenance and other services. The company normally grants its customers use of the software for unlimited time. The Group also sells hardware. Proceeds from the supply of goods and rights are recognized in accordance with IFRS 15 if the service obligation assumed was provided by the transfer of the power of disposal to the customer, the inflow of the consideration is probable and the amount can be determined reliably. Revenues from services are recorded as soon as the services have been provided and the customer can obtain essential benefit from them. Revenue realization does not take place if there are significant risks with regard to the receipt of counter-performance or a potential return of goods. The NEXUS Group reports its sales revenues with deduction of revenue reductions.

Proceeds and expenses resulting from work contracts are accounted for using the percentage-of-completion method in accordance with IFRS 15. Thereafter, the proceeds are shown according to the degree of completion. The degree of completion results from the ratio of the order costs incurred up to the reporting date to the total order costs estimated at the reporting date. Work contracts accounted for using the percentage-of-completion method are valuated on the balance sheet date with their incurred order costs plus the pro rata profit resulting from the achieved degree of completion On the balance sheet, the generated revenues from production orders minus advance payments received are recognized in the contract assets in accordance with IFRS 15. Changes in the commissioned services are only taken into account within the scope of an existing production order if acceptance by the customer is considered probable and an assessment of the amount can be made reliably. If the result of a production order cannot be estimated with sufficient certainty, the likely revenues that can be achieved are recorded at least up to the amount of the costs incurred. Order costs are recorded as expenses in the period, in which they occur. The realization of revenues from contracts that contain several contract elements (multi-component contracts) takes place when the respective contract element has been delivered or rendered and is based on the objectively ascertainable, relative individual selling prices of the individual contract elements.

The main sales types and their realization are presented below:

Software Licenses

This includes revenues from software license sales, which are usually remunerated once. The license entitles use of the software permanently. The license fee is contractually fixed and does not trigger any future license payments or use-dependent invoices. The underlying license is decisive in accordance with IFRS 15. The right of use is provided to the customer at a defined time, which results in a time-related sales realization. The revenue from software components within the context of work contracts is received according to the degree of completion of the project (percentage-of-completion).

Software Maintenance

This includes sales revenues from contracts that give the customer access to new versions of software products after they have been delivered. These updates are used for troubleshooting, improving performance and other properties, but also for adapting to changed general conditions. A software maintenance contract also includes hotline support. The sales revenue generated in this connection is recorded pro rata temporis.

Services

Sales from services that are remunerated on an hourly basis or at contractually agreed fixed prices fall under the sales type services. The activities carried out in the sales order include, for example, project management, analyses, training, system configuration and customer-related programming. For the services to be provided, which are remunerated on an hourly basis, the revenue is received with the completion of the service.

The revenue from service components within the context of work contracts and other service contracts is received according to the degree of completion of the project (percentage-of-completion).

Hardware
Revenues from the sale of hardware and infrastructure components include, for example, PCs, servers, monitors, printers, switches, racks, network components, etc. These revenues are realized immediately upon the provision of the performance obligation by delivery of the hardware components.

Exceptions to this are contractually defined hardware components within the context of contracts for work and services, which are implemented in the overall project according to the degree of completion (percentage-of-completion).

Financial Income / Financial Expenses
Financial income and expenses are entered at the time they occur.

Foreign Currencies
Foreign currency transactions are entered in the report currency by converting the foreign currency at the exchange rate between the report currency and the foreign currency valid at the time of the business transaction. Conversion differences from processing monetary positions as well as from the cut-off date evaluation of exchange rates, which differ from those original entered during the period, are entered as expenses or revenue in the period, in which they occurred.

Leasing
According to IFRS 16, the distinction between operating and finance leases at the lessee is no longer applicable. For all leases in which NEXUS is the lessee, the right to use an asset and a lease liability are recognized. The right to use is depreciated over the term of the contract in accordance with the provisions for intangible assets. The lease liability is accounted for in accordance with the provisions for financial instruments in IFRS 9. The disclosure in the profit and loss statement is made separately as depreciation of the asset and interest on the liability.

3. COMPANY MERGERS

Acquisition of ifa systems AG, Frechen
With more than 60 employees and users in more than 20 countries with a total of 15,000 workplace licenses, ifa systems AG in Frechen is one of the top providers of ophthalmologic software in Germany. BY acquiring more than 52,56 % of the shares in ifa systems AG, Frechen, on 04 June 2019, NEXUS has significantly expanded its commitment to e-health applications in ophthalmology. The aim is to integrate this innovation area firmly into the NEXUS product portfolio. KEUR 2,700 was paid in cash as purchase price.

The identified and evaluated assets identified in allocating the purchase price are essentially composed of customer relations (KEUR 1,840), brand (KEUR 4,219) and technology (KEUR 1,222) at the purchase time. The receivables are shown at their gross value. The value was not adjusted, because complete intake of all outstanding receivables is expected. Goodwill resulted from the purchase price allocation in the amount of KEUR 445. The goodwill results mainly from the skills and expertise of ifa systems AG workforce and the expected synergies from the integration of the company into the Group's existing software business. None of the recorded goodwill is expected to be deductible for tax purposes.

For 2019, sales with third parties from the initial consolidation time amounted to KEUR 6,691, and the contribution to the consolidated annual surplus was KEUR 2,168. If the company had been acquired at the beginning of the year, sales revenue would have amounted to KEUR 9,674 and the contribution to consolidated net earnings to KEUR 2,261.

The purchased assets and debts were included in the balance sheet with their adjusted, current value and are as shown as follows:

Assets / Liabilities ifa systems AG, Frechen	Fair Value at Time of Acquisition
	EUR
Cash balance	3,409,663.66
Intangible Assets	6,059,147.34
Rights of use	211,157.71
Tangible assets	53,477.63
Financial assets	1.00
Inventories	33,374.63
Deferred tax assets	625,641.94
Other assets	102,139.01
Trade receivables	1,183,170.35
	11,677,773.27
Other Accruals	1,118,675.51
Deferred tax liabilities	1,056,478.00
Tax Accruals	135,003.70
Liabilities	5,078,028.72
	7,388,185.93
Net assets on the acquisition date	**4,289,587.34**
Shares valuated at market value without dominant influence	**2,034,980.24**
Goodwill	445,392.90
Total acquisition price	**2,700,000.00**
The acquisition costs are composed of the following	
Purchase price paid in cash	2,700,000.00
Purchase price still to be paid	0.00
Total acquisition price	**2,700,000.00**
Means of payment from this acquisition developed as follows	
Purchase price paid in cash	2,700,000.00
Purchased means of payment	3,409,663.66
Inflow of means of payment	709,663.66

Adjustment of the initial accounting of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) during the valuation period
NEXUS acquired 100.00 % of Swisslab DITS GmbH, Berlin with a purchase agreement dated 11 October 2018 as of 1 December 2018. In this context, acquisition costs were capitalized as a result of a repayment obligation to the share seller in the amount of KEUR 5,911. By supplementary agreement of 28 March 2019 to the purchase agreement of 11 October 2018 as of 30 November 2018, the Targeted Cash Amount was reduced by KEUR 700 thousand during the valuation period. In accordance with IFRS 3.46 et seq., this results in the following adjustments of the Targeted Cash Amount from EUR 5,910,721.41 to EUR 5,210,721.41 and the acquisition costs from a total of EUR 8,390,076.40 to EUR 7,690,076.40. Goodwill decreases from EUR 4,494,728.37 to EUR 3,794,728.37 without affecting net income.

Acquisition of additional shares in NEXUS / CHILI GmbH, Dossenheim (previously: Chili GmbH, Dossenheim)

NEXUS entered into a put and call option agreement for 32.54 % of NEXUS / CHILI GmbH Dossenheim on 28 March 2018. According to IAS 32.23, the obligation to buy shares of non-controlling partner is to be carried in the balance sheet as liability with the contingent purchase price. The future contingent purchase price payment of KEUR 3,512 represents the fair value. A purchase price advance payment of KEUR 1,150 was made on the future purchase price payment to be expected.

Adjustment of the contingent purchase price payment for NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) during the valuation period

A fixed additional purchase price of KEUR 2,500 was agreed for 31 December 2021 with the purchase contract of 11 October 2018 effective 30 November 2018. The future fixed purchase price payment was entered on the liabilities side in the amount of KEUR 2,479 in the fiscal year 2018. This was increased by KEUR 7 in the fiscal year 2019 due to compounding of interest. As a result, a contingent purchase price of KEUR 2,486 resulted on the cut-off date.

Adjustment of the future contingent purchase price payment of IBH Datentechnik GmbH, Kassel

The contingent purchase price payment on 31 December 2018 in the amount of KEUR 2,086 was concluded prematurely with the agreement of 30 April 2019 by a one-time payment in cash in the amount of KEUR 2,000. KEUR 86 was dissolved affecting net income.

Adjustment of the future contingent purchase price payment of nexus / switspot GmbH, Neckarsulm

The contingent purchase price payment of KEUR 1,201 as of 31 December 2018 was paid in cash (KEUR 1,160) with the purchase agreement of 15 May 2019 for the remaining 10.0 % of the shares in nexus / switspot GmbH, Neckarsulm. KEUR 40 was dissolved affecting net income. As a result, there will be no future contingent purchase price payment on the cut-off date.

Adjustment of the future contingent purchase price payment of highsystem ag, Zurich

In relation with the purchase of highsystem ag, Zürich, a contingent purchase price in the amount of KCHF 723 was entered on the liabilities side in the fiscal year 2017. The contingent purchase price was increased by KCHF 2 in the fiscal year 2017 due to compounding of interest This was increased by another KCHF 7 in the fiscal year 2018 due to compounding of interest This was increased by another KCHF 7 in the fiscal year 2019 due to compounding of interest As a result, a contingent purchase price of KEUR 682 resulted due to currency effects on the cut-off date.

Adjustment of the future contingent purchase price payment of NEXUS POLSKA sp. z o.o., Poznan

At the purchase of NEXUS POLSKA sp. z o.o., Poznan, a contingent purchase price in the amount of KPLN 22,551 was entered on the liabilities side in the fiscal year 2018. The contingent purchase price was increased by KPLN 106 in the fiscal year 2018 due to compounding of interest. The contingent purchase price was increased by KPLN 109 in the fiscal year 2019 due to compounding of interest With purchase agreement (put option agreement) dated 06 June 2019, a further 11.37 % of NEXUS POLSKA sp. z o.o., Poznan, was acquired. The purchase price of KEUR 1,192 was paid in cash. In the fiscal year, there were changes in the earnings forecast that resulted in an adjustment based on recognized expenses of KPLN 816. As a result, a contingent purchase price of KEUR 4,448 resulted due to currency effects on the cut-off date.

Adjustment of the future contingent purchase price payment of Creativ Software AG, Widnau

In relation to the purchase of Creativ Software AG, Widnau, a contingent purchase price in the amount of KCHF 3,715 was entered on the liabilities side in the fiscal year 2018. The contingent purchase price was increased by KCHF 10 in the fiscal year 2018 due to compounding of interest. The contingent purchase price was increased by KCHF 16 in the fiscal year 2019 due to compounding of interest. As a result, a contingent purchase price of KEUR 3,447 resulted due to currency effects on the cut-off date.

Adjustment of the future contingent purchase price payment of ASTRAIA Software GmbH, Munich

In relation to the purchase of ASTRAIA Software GmbH, Munich, a contingent purchase price in the amount of KEUR 2,497 was entered on the liabilities side in the fiscal year 2018. The contingent purchase price was increased by KEUR 4 in the fiscal year 2018 due to compounding of interest. The contingent purchase price was increased by KEUR 7 in the fiscal year 2019 due to compounding of interest. As a result, a contingent purchase price of KEUR 2,508 resulted on the cut-off date.

4. LEASES

NEXUS AG applies IFRS 16 Leases for the fiscal year beginning on 01 January 2019. IFRS 16 is applied for the first time according to the modified retrospective method; the comparative figures for the previous periods are not adjusted. The Group has mainly concluded leasing agreements for operation and business facilities (incl. the EDP hardware), company vehicles and leasing agreements for business offices. The purpose of the contracts is the financing and procurement of assets necessary for business operations. Advantages, which resulted in decisions for carrying out or retaining these transactions, are found mainly in the low capital requirements for the company in procuring the required assets for business. In addition, there is no exploitation risk for the company thanks to the leasing financing and the possibility of short-term securing of the current state of technological development.

For recognition and valuation purposes, NEXUS AG applies the portfolio approach in accordance with IFRS 16.B1 and combines leases for buildings, leases for motor vehicles and contracts for printers, servers, hardware and others due to similar characteristics, resulting in no material differences compared to the accounting of the individual agreements.

Lease liabilities are liabilities from financing activities. The disclosure requirements in accordance with IAS 7.44A are fulfilled by the following statements.

The development of the separately presented rights of use of assets that are accounted for in tangible assets under a lease is as follows:

				Acquisition and Manufacturing Costs			
	Interest rate on capital borrowed in other countries	31/12/2018	IFRS 16 Initial adaption	01/01/2019	Addition from business combinations	Currency changes	Additions
				KEUR	KEUR	KEUR	KEUR
Right of Use							
Leases for buildings	1.89 %	0	6,064	6,064	52	13	3,827
Leases for motor vehicles	1.63 %	0	3,164	3,164	159	9	1,517
Contracts for printers, servers, hardware and others	1.67 %	0	237	237	0	1	7
Total		**0**	**9,465**	**9,465**	**211**	**23**	**5,351**

The following tables show the interest expense on lease liabilities, the breakdown of liabilities by class into short-term and long-term, the expenses for short-term and long-term leases, variable lease expense not included in the measurement of lease liabilities, and total cash outflows for existing leases in fiscal year 2019:

Right of Use	Interest payments in KEUR	Liabilities Short-term	Liabilities Long-term	Short-term lease payments	Variable lease payments
Leases for buildings	128	2,369	5,145	422	36
Leases for motor vehicles	50	1,507	1,722	31	13
Contracts for printers, servers, hardware and others	3	90	32	139	0
Total	**181**	**3,966**	**6,899**	**592**	**49**

Cash outflows	2019	2020	2021–2024	from 2025	Variable Lease payments
Leases for buildings	3,027	2,474	4,999	288	36
Leases for motor vehicles	1,670	1,531	1,736	0	13
Contracts for printers, servers, hardware and others	253	90	33	0	0
Total	**4,950**	**4,095**	**6,768**	**288**	**49**

The respective effects of the initial application of IFRS 16 Leases on net assets, financial position and results of operations are disclosed directly in the relevant notes.

		Accumulated depreciations					Book value	
Disposals	31/12/2019	01/01/2019	Currency changes	Additions	Disposals	31/12/2019	31/12/2019	31/12/2018
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR		KEUR	KEUR
256	9,674	0	0	2,467	255	2,212	7,462	0
194	4,637	0	0	1,606	177	1,429	3,208	0
19	224	0	0	122	19	103	121	0
469	**14,535**	**0**	**0**	**4,195**	**451**	**3,744**	**10,791**	**0**

5. INTANGIBLE ASSETS

Goodwill

Within the context of the annual Impairment Test according to IAS 36, the goodwill is allocated respectively on 31 December for checking the value of the cash-generating units. The following table shows the cash-generating units (CGU) as well as the relevant assumptions and parameters. The achievable amount is determined respectively on the basis of calculating utilization value on the balance sheet cut-off date. Accordingly, there were no depreciation requirements. The utilization value calculated in this way is based on forecasts, which include uncertainties in the estimations. Essential uncertainties are in the following positions:

a) Profit margin

The profit margin was calculated based on an average value, which was formed partially on the basis of already concluded contracts under consideration of the margins from the previous years as well as an expansion of license business. The profit margins were also adjusted by the expected increase in efficiency.

b) Discount rate

The discount rate of the respective CGU is defined by a single WACC (Weighted Average Cost of Capital).

c) Development of market shares and maintenance revenues

These assumptions are especially significant, because the estimation is reflected here about how the cash-generating units will development with respect to competitors during the planning period. At the same time, it must be observed that it is not a question of clearly defined markets, but instead mainly with project transactions, which do not permit clear comparisons.

d) Detailed planning phase

The growth rates in the detailed planning stage are based on published, industry-related market research. They are also influenced decisively by the individual estimates of future potential made by the cash-generating units. Here, the specific risks of each CGU are considered. These assumptions are supported by concrete sales, development and marketing plans.

e) Sensitivity analysis

In a sensitivity consideration, the other decisive parameters of the impairment test were changed in line with reasonable assumptions concerning possible development. The increase of the discount rate by 25 basis points and a decrease of the relevant cash flow by 5 % would not result in any necessity for decrease in value of goodwill.

Cash-generating unit	Assignable company	Organic growth in % of detailed planning period of 3 years [1]		Discount rate in % before taxes for cash flow forecast		Goodwill (in KEUR)	
		2019	2018	2019	2018	2019	2018
NEXUS / DE (Germany)	Nexus Deutschland GmbH NEXUS / MARABU GmbH nexus/qm GmbH VEGA Software GmbH Nexus Integration Solution GmbH NEXUS SWISSLAB GmbH IBH Datentechnik GmbH NEXUS AG	8	6	10.11	10.20	14,336	14,336 [2]
NEXUS / DIS (Diagnostic Systems)	nexus/dis GmbH E&L medical systems GmbH NEXUS / CHILI GmbH ifa systems AG ASTRAIA Software GmbH	6	5	10.21	10.31	14,965	14,520
NEXUS / ROE (Rest of Europe)	NEXUS Schweiz AG NEXUS Nederland B.V. NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H. NEXUS / OPTIM S.A.S nexus / cs3i S.A.S nexus/cso GmbH nexus / reha GmbH NEXUS SISINF SL NEXUS POLSKA sp. z o.o.	7	6	8.71	8.96	41,864	41,053
NEXUS / CMS (Consulting & Managed Services)	NEXUS / ASS.TEC GmbH NEXUS . IT GmbH SÜDOST NEXUS / CLOUD IT GmbH nexus / switspot GmbH	2	1	9.74	9.83	2,853	2,853
Summe						**74,018**	**72,762**

[1] A growth rate of zero was assumed for the extrapolation of the cash flows after the detailed planning period.

[2] In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) was adjusted by KEUR 700.

DEVELOPMENT OF ASSETS 2019

	Acquisition and manufacturing costs					
	01/01/2019	Addition from business combinations	Currency changes	Additions	Reclassification	Disposals
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Intangible Assets						
Concessions / Patents	6,290	0	43	295	0	136
Goodwill	72,939 [1]	445	811	0	0	0
Development Costs	56,067	0	122	3,850	0	0
Customer Relations/Technology	32,357	6,059	231	0	0	0
Brands	8,767	0	19	0	0	0
	176,420	**6,504**	**1,226**	**4,145**	**0**	**136**
Tangible assets						
Tenant installations	1,024	0	3	327	20	89
Other equipment, factory and office equipment	9,671	53	102	2,023	-20	1,272
Estate properties, leasehold rights and buildings,	4,546	0	0	230	91	0
Facilities under construction	819	0	0	0	-91	0
	16,060	**53**	**105**	**2,580**	**0**	**1,361**
Total	**192,480**	**6,557**	**1,331**	**6,725**	**0**	**1,497**

[1] In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) was adjusted by KEUR 700. Further details can be found in number 3.

6. TANGIBLE ASSETS

Tangible assets are composed mainly of land and buildings, operation and business equipment, and construction in progress. The tangible assets are not subject to any restrictions with respective disposal possibilities.

The development of intangible and tangible assets is included in the fixed-assets development table.

	Accumulated depreciations						Book value	
31/12/2019	01/01/2019	Currency changes	Additions	Reclassification	Disposals	31/12/2019	31/12/2019	31/12/2018
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
6,492	5,220	40	368	0	135	5,493	999	1,070
74,195	177	0	0	0	0	177	74,018	72,762 [1)]
60,039	40,608	110	5,656	0	0	46,374	13,665	15,459
38,647	19,044	136	4,240	0	0	23,420	15,227	13,313
8,786	0	0	0	0	0	0	8,786	8,767
188,159	**65,049**	**286**	**10,264**	**0**	**135**	**75,464**	**112,695**	**111,371**
1,285	436	3	160	0	72	527	758	588
10,557	5,044	81	1,767	0	1.095	5,797	4,760	4,627
4,867	202	0	117	0	0	319	4,548	4,344
728	0	0	0	0	0	0	728	819
17,437	**5,682**	**84**	**2,044**	**0**	**1.167**	**6,643**	**10,794**	**10,378**
205,596	**70,731**	**370**	**12,308**	**0**	**1.302**	**82,107**	**123,489**	**121,749**

DEVELOPMENT OF ASSETS 2018

	Acquisition and manufacturing costs				
	01/01/2018	Addition from business combinations	Currency changes	Additions	Disposals
	KEUR	KEUR	KEUR	KEUR	KEUR
Intangible Assets					
Concessions / Patents	5,711	672	1	340	434
Goodwill	49,491	23,051 [1]	397	0	0
Development Costs	51,821	0	116	4,130	0
Customer Relations/Technology	25,187	7,046	124	0	0
Brands	8,749	0	18	0	0
	140,959	**30,769**	**656**	**4,470**	**434**
Tangible assets					
Tenant installations	979	0	3	52	10
Other equipment, factory and office equipment	8,748	601	60	3,049	2,787
Estate properties, leasehold rights and buildings,	4,478	0	0	68	0
Facilities under construction	804	0	0	15	0
	15,009	**601**	**63**	**3,184**	**2,797**
Total	**155,968**	**31,370**	**719**	**7,654**	**3,231**

[1] In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) was adjusted by KEUR 700. Further details can be found in number 3.

[2] Of which development costs not yet ready for use in the amount of KEUR 0.

7. INVESTMENT EQUITY

NEXUS AG holds the following direct or indirect ownership interest as of 31 December 2019, which is consolidated at equity:

Associated companies

+ G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck (49.00 %), the company was dissolved with effect from 01 January 2020.

	31/12/2019	31/12/2018
	KEUR	KEUR
Share of participations in the balance sheet		
Short-term assets	37	43
Short-term debts	-8	-3
Prorated net assets	29	40
Shares in revenue and profit of participations		
Revenue	95	68
Profit	-11	0
Changes in investments		
End of accounting value of Palladium-med GmbH, Berlin	0	-5
Balance	**15**	**26**

8. INVENTORIES

The inventories are as follows:

	31/12/2019	31/12/2018
	KEUR	KEUR
Raw materials, manufactoring and supplies	85	95
Finished goods	324	441
Advanced payments	9	0
	418	**536**

No decline in economic usefulness or increased valuation (previous year: KEUR 0) was entered in the reporting year. There are no inventories in the current fiscal year, which were carried in the balance sheet at the net disposal price. Raw, auxiliary and operating materials in the amount of KEUR 12,765 (previous year: KEUR 12,432) are entered as expenditures in the fiscal year.

9. DEFERRED TAXES

Credited and debited deferred taxes were offset in accordance with IAS 12. Credited and debited deferred taxes are classified according to their cause as follows: cf. Table.

As of 31 December 2019, no debited deferred taxes were entered on profits not paid from subsidiaries or affiliated companies, because the Group determined that the profits, which have not been distributed yet, will not be distributed in the foreseeable future. In addition, the amount of taxes resulting for the Group is insubstantial in the case of distribution to the parent company due to the German tax system.

Corporate income tax losses carried forward exist in the amount of KEUR 7,026 (previous year: KEUR 6,086) domestically as well as trade tax losses carried forward in the amount of KEUR 6,958 (previous year: KEUR 5,730). Tax losses carried forward were incurred in foreign Group companies in the amount of KEUR 724 (previous year: KEUR 103). There are losses carried forward of KEUR 5,411 (previous year: KEUR 1.027) in the total volume, which are assessed as non-utilizable (corporate income tax KEUR 2,719 (previous year: KEUR 527) and trade tax KEUR 2,692 (previous year: KEUR 501). A total of KEUR 5,411 (previous year: KEUR 1.027) of that can be carried forward for an unlimited time.

	Accumulated depreciations					Book value	
31/12/2018	01/01/2018	Currency changes	Additions	Disposals	31/12/2018	31/12/2018	31/12/2017
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
6,290	4,979	13	599	371	5,220	1,070	732
72,939	177	0	0	0	177	72,762 [1]	49,314
56,067	34,892	97	5,619	0	40,608	15,459 [2]	16,929
32,357	15,793	98	3,153	0	19,044	13,313	9,394
8,767	0	0	0	0	0	8,767	8,749
176,420	**55,841**	**208**	**9,371**	**371**	**65,049**	**111,371**	**85,118**
1,024	314	3	125	6	436	588	665
9,671	5,192	60	1,925	2,133	5,044	4,627	3,556
4,546	96	0	106	0	202	4,344	4,382
819	0	0	0	0	0	819	804
16,060	**5,602**	**63**	**2,156**	**2,139**	**5,682**	**10,378**	**9,407**
192,480	**61,443**	**271**	**11,527**	**2,510**	**70,731**	**121,749**	**94,525**

	Group Balance Sheet		Consolidated Profit and Loss Statement	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	KEUR	KEUR	KEUR	KEUR
Deferred tax asset				
Tax losses carried forward	2,006	1,717	-315	-1,124
Valuation differences of tax goodwill	20	77	0	-4
Valuation differences of pensions	3,600	2,399	119	48
Valuation differences of accruals	56	2,119	-2,081	-61
Valuation differences of securities	105	131	-26	-27
	5,787	**6,443**	**-2,303**	**-1,168**
Offsetting with deferred tax liabilities / expenses	-2,137	-2,583	2,303	1,168
Total deferred tax asset	**3,650**	**3,860**	**0**	**0**
Deferred tax liability				
Development Costs	3,733	3,863	346	-225
Valuation differences of receivables	84	84	9	16
Technology / Know-How	5,014	5,744	1,005	774
Project orders	101	111	10	-49
Loans and Other Liabilities	574	0	-87	0
	9,506	**9,802**	**1,283**	**516**
Of those, offset against deferred tax receivables / profits	-2,137	-2,583	-2,303	-1,168
Total deferred tax liability	**7,369**	**7,219**	**-1,020**	**-652**

	2019	2018
Change of deferred taxes affecting net income	-1,020	-652
Adjustment of deferred taxes entered in other comprehensive income within the context of provisions for pensions	938	-247
Adjustment of deferred taxes entered in other comprehensive income due to currency conversion	152	437
Inflows and outflows of deferred taxes in the context of inflows to the consolidated companies	-430	1,170
Change of deferred taxes in balance sheet item	**-360**	**708**

10. TRADE RECEIVABLES AND OTHER RECEIVABLES AS WELL AS CONTRACT ASSETS

Trade receivables

	2019	2018
	KEUR	**KEUR**
Gross total	30,977	30,202
Risk provisions according to IFRS 9	872	706
Sales correction for items still under clarification	4,178	3,516
Total	**25,927**	**25,980**

Long-term receivables are contained in the trade receivables with maturity greater than one year in the amount of KEUR 198 (previous year: KEUR 609).

The expenses for the fiscal year for the impairment of receivables amounting to KEUR 2.248 were recognized in other operating expenses. Receivables from deliveries and services in the amount of KEUR 1,168 (previous year: KEUR 126) were charged off in the fiscal year 2019. There were incoming payments in the amount of KEUR 7 (previous year: none) on derecognized receivables. The fair value of trade account receivables and other receivables does not different from the book value. On 31 December 2019, trade receivables of KEUR 5,050 (previous year: KEUR 4,225 in nominal value) were impaired.

Contract Assets

	31/12/2019	31/12/2018
	KEUR	**KEUR**
Gross total	647	1,010
Risk provisions according to IFRS 9	7	3
Total	**640**	**1,007**

Contract assets do not include items with a maturity greater than one year (previous year: None). There were contract assets in the amount of KEUR 7 on 31 December 2019 (previous year: KEUR 3) diminished in value. For the determination of risk provisions in accordance with IFRS 9, see section 34.

11. OTHER FINANCIAL ASSETS AND SHORT-TERM FINANCIAL ASSETS

The other financial assets and short-term financial assets are composed of the following:

		31/12/2019
	Short-term (< 1 year)	**Long-term (> 1 Jahr)**
	KEUR	**KEUR**
Other financial assets		
From loans to employees and third parties	36	0
From miscellaneous	2,152	355
Total of other financial assets	**2,188**	**355**
Short-term financial assets		
Securities	1,671	0
Total of short-germ financial assets	**1,671**	**0**

		31/12/2018
	Short-term (< 1 year)	**Long-term (> 1 Jahr)**
	KEUR	**KEUR**
Other financial assets		
From loans to employees and third parties	362	0
From miscellaneous	26,887	156
Summe sonstige finanzielle Vermögenswerte	**27,249**	**156**
Short-term financial assets		
Securities	1,586	0
Total of short-germ financial assets	**1,586**	**0**

Other financial assets include receivables from the transfer of restructuring costs to the former shareholder of NEXUS SWISSLAB GmbH amounting to KEUR 1.544 as of 31 December 2019. For the determination of risk provisions in accordance with IFRS 9, see section 34.

Other Financial Assets

The creditworthiness of the financial assets is given. There are no other collateral or other credit enhancement measures that would mitigate the default risk from financial assets.

The current market value of other financial assets does not different from the carrying amount. As of 31 December 2019, impairments under the expected credit loss model (expected credit losses in accordance with IFRS 9) are entered in the amount of KEUR 11 (previous year: KEUR 27).

The outstanding contract value of financial assets, which were written off in 2019, but for which recovery procedures are still ongoing, amounts to KEUR 0.

Short-Term Financial Assets

The short-term financial assets are as follows on the balance sheet cut-off date:

	31/12/2019	
	Procurement costs	Fair value
	KEUR	KEUR
Securities		
Bond funds	2,014	1,671
Total	**2,014**	**1,671**

	31/12/2018	
	Procurement costs	Fair value
	KEUR	KEUR
Securities		
Bond funds	2,014	1,586
Total	**2,014**	**1,586**

During the reporting period, write-ups of KEUR 85 (previous year: write-offs KEUR 119) and interest income from securities of KEUR 19 (previous year: KEUR 34) were entered in the profit and loss statement.

As of 31 December 2019, there were no derivative financial instruments, analog to the previous year.

12. OTHER NON-FINANCIAL ASSETS

The other non-financial assets are composed of the following:

	31/12/2019	31/12/2018
	KEUR	KEUR
Prepaid expense	2,352	1,339
Accounts receivable, most for social security	16	235
Down payments made	21	222
Value added tax	629	47
Wage and salary advances	31	15
Total of other non-financial assets	**3,049**	**1,918**

The current market value of other non-financial assets does not differ from the book value. Unfulfilled conditions and other success uncertainties do not exist in combination with the public subsidies entered in connection with the financial report.

13. EQUITY

Equity amounted to KEUR 115,135 on the cut-off date (previous year: KEUR 108,325). Refer to the statement of changes in the shareholders' equity.

a) Subscribed Capital

Subscribed capital on 31 December 2019 is divided into 15,752,231 bearer, no-par stocks with a book value share of equity capital of EUR 1.00 each and paid in the full amount. Different stock classes do not exist. All stocks are common stocks and grant the same rights provided for by the stock law.

In partial utilization of empowerment for the period until 30 April 2021 to increase the share capital once or several times by up to a total of Euro 3,000,000.00 through the issue of up to 3,000,000 new bearer shares against cash or contributions in kind (authorized capital 2016/I) adopted on 13 May 2016 by the general meeting of NEXUS AG, the Executive Board decided on 14 July 2017 with the consent of the Supervisory Board of the same day to increase the share capital of the company against cash under exclusion of subscription rights of shareholders – in favor of employees of NEXUS AG and affiliated companies of NEXUS AG – from 15,735,665,00 by 25,000.00 euros to 15,760,665,00 through the issue of up to 25,000 new bearer shares with a share in the company of 1.00 euro each and with profit entitlement starting from 01 January 2017. The registration of the implementation of the capital increase was made in the commercial register at the Freiburg Register of Companies (Commercial Register No. 602434) on 27 October 2017. Capital stock increased by EUR 16,566.00 to EUR 15,752,231.00. As a result, authorized capital 2016/I is still EUR 2,983,434.00 after partial exploitation. The selling price amounted to a total of EUR 400,068.90, and the proceeds from the sale (EUR 383,502.90) were allocated to capital reserves.

b) Capital Reserves

Capital reserves essentially contain surcharges from the capital increase conducted in the fiscal year 2000 in connection with the IPO of NEXUS AG as well as the increase of the capital reserves in the amount from the issue of new shares against a non-cash capital contribution as well as the exercise of stock options by Executive Board members of management in subsidiaries and employees of the NEXUS Group. The directly attributable expenses incurred within the context of the cash increase, the capital increase through capital subscribed in kind, were offset with the capital reserves. In addition, the adjusted current value of the stocks issued within the context of the stock option plans is considered in the capital reserves item.

The capital reserve as a result of the share-based compensation decreased by KEUR 1.179.

c) Retained Earnings

Retained earnings include profit carried forward, other retained earnings and the legal reserve.

According to Section 150 of the German Stock Corporation Law, the legal reserves and the capital reserves must exceed one-tenth of the equity capital, so that they can be used to compensate for losses or for a capital increase from company funds. As long as the legal reserves and the capital reserves together do not exceed one-tenth of the equity capital, they may only be used to compensate for losses as long as the loss is not covered by profit carried forward or annual net profit and cannot be compensated for by amortizing other revenue reserves.

d) Equity Capital Difference from Currency transaction

The equity capital difference from currency conversion results from differences, which resulted from the conversion of the annual financial statements of the foreign subsidiaries.

e) Pension Accruals

The pension accruals contain the actuarial, cumulated profits and losses from the valuation from valuation of pension accruals after offsetting deferred taxes.

f) Own Shares

Own shares developed to the cut-off date as follows: cf. the table below

The own shares were deducted with the total procurement costs in one sum from equity (cost method). As of 31 December 2019, the value of the own shares was KEUR 173 according to the cost method. The company may not use this empowerment to purchase its own stocks for the purpose of trading with its own stocks.

g) Authorized Capital

In the annual general meeting of 23 May 2012, the empowerment granted in the annual general meeting of 14 June 2010 to increase the capital stock in the amount of EUR 6,902,600.00 was revised. With the approval of the Supervisory Board, the Executive Board was authorized to increase the share capital one or more times by up to EUR 7,152,575.00 (Authorized Capital 2012) by 30 April 2017. The empowerment amounted to EUR 5,722,060.00 following partial depletion due to an increase of cash capital in the amount of EUR 800,000.00 in 2012 as well as an increase of cash capital in the amount of EUR 630,515.00 in 2015.

In the annual general meeting of 13 May 2016, the empowerment granted in the annual general meeting of 23 May 2012 to increase the capital stock in the amount of EUR 7,152,575.00 was revised. With the approval of the Supervisory Board, the Executive Board was authorized to increase the share capital one or more times by up to a total of EUR 3,000,000.00 (Authorized Capital 2016) by 30 April 2021. The granted authorization of 23 May 2012 was canceled with that. The empowerment amounted to EUR 2,983,434.00 following partial depletion due to an increase of cash capital in the amount of EUR 16,566.00 in 2017.

Conditional Capital and Stock Option Plans (SOP)

Conditional capital in the amount of EUR 1,400,000.00 was created (conditional capital 2012) with the annual general meeting resolution of 23 May 2012. The capital stock was raised conditionally corresponding to execution of a stock option program by EUR 1,400,000.00 bearer shares.

Granting of the authorization at the annual meeting of …	Authorization valid until …	Maximum buy-back volume of a maximum of 10% of the share capital (in share certificates without a par value)	Fiscal Year of the transaction	Buy-back (+) / issue (-) (In no-par shares)
			Number of shares 01/01/2016	**4,760**
18 May 2015	30 April 2020	1,573,566	2016	-4,844
			2016	16,056 [1]
			2017	-1,100
			2017	2,699 [1]
12 May 2017	30 April 2022	1,573,566	2017	-1,637
			2017	7,622 [1]
			2018	-36,750
			2018	52,579 [1]
			2019	-52,727
			2019	16,602 [1]
			Number of shares 31/12/2019	**3,260**

[1] *The buy-back was made via a share buy-back program, which the Executive Board approved with the consent of the Supervisory Board on 25 October 2016 decided. In the fiscal year 2016,16,056 share certificates without a par value were acquired at acquisition costs of KEUR 296. In the fiscal year 2017,10,321 share certificates without a par value were acquired at a cost of KEUR 240. In the fiscal year 2018, 52,579 share certificates without a par value were purchased at a price of KEUR 1,345. In the fiscal year 2019, 16,602 share certificates without a par value were purchased at a price of KEUR 424.*

Share-based payment

Share-based payment was also agreed upon with the Executive Board members in May 2014. Dependent on the increase in company value, it is composed of max. 160,000 shares, which will become due during the term and are based on the development of stock prices between 2015 and 2017. These compensation components had an adjusted fair value of KEUR 788 at the time of granting. The capital reserve decreased by KEUR 1.179 as a result of the share-based compensation. For the financial years 2018 to 2020, there is a bonus agreement between the members of the Executive Board, which can be exercised either in shares of NEXUS AG or in cash. Regarding the necessary disclosures in accordance with IFRS 2.44, we refer to the remuneration report in the Management Commentary.

Capital Management

The goal of capital management is to maintain the financial substance of the Group as well as long-term assurance of required financial flexibility. The equity capital rate was also used in measuring the financial security of the Group. In doing this, the equity capital shown in the Group balance sheet was compared to the balance amount. Accordingly, the financing structure is characterized by a capital structures, which is conservative and in which self-financing dominates. The equity capital rate is 55.3 % (previous year: 51.3 %) on the balance sheet cut-off date. Third-party financing is almost exclusively via liabilities, which result from business operations, as well as via pensions to a slight extent. There are no interest-bearing financial liabilities.

In May 2019, a dividend in the amount of EUR 0.17 was paid on the 15,741,761 shares with a right to a dividend on bearer, no-par shares. For fiscal year 2019, a distribution of dividends of EUR 0.18 was proposed for bearer shares for those entitled to dividends.

14. PENSION OBLIGATIONS

Pensions accruals have been accrued for NEXUS . IT GmbH SÜDOST, Nexus Integration Solution GmbH (previously: NEXUS Deutschland GmbH) and NEXUS / CLOUD IT GmbH for the direct pension obligations (direct commitments) assumed from Forest Gesellschaft für Products & Services mbH as of 30 September 2000 as well as for the pension obligations assumed for NEXUS / ASS.TEC GmbH and NEXUS SWISSLAB GmbH (previously: Swisslab DITS GmbH). In fiscal year 2019, a provision for a pension obligation (direct commitment) was created for the first time at NEXUS AG. The performance-oriented plans in Switzerland concern the pension scheme according to Switzerland federal law for employee old-age, survivors' and disability benefits (BVG). These plans represent complete insurance policies, in which an insurance company is responsible for the at least temporary, complete actuarial risks, including capital market risks.

In the Netherlands, the performance-oriented pension plans expired on 31 December 2017 and was changed to a contribution-oriented pension plan with effect from 01 January 2018. As a result of the amendments to the pension plan, there is a defined benefit obligation on the cut-off date of the same plan assets value.

The amount of payments for assumed pensions is based on employment years and the respective salary of the person entitled to payments. The accrual is established for payable performances in the form of old-age and disability pensions as well as for survivors' pensions. It is a question of non-forfeitable expectancy of future benefits. Plan assets exist for obligations in Switzerland, for two companies in Germany as well as in the Netherlands.

The performance-oriented plans burden the Group with actuarial risks, for example, the long life risk, currency risk, interest rate risk and market (system) risk.

Financing

While the domestic pension obligations, with the exception of NEXUS / ASS.TEC GmbH and NEXUS SWISSLAB GmbH (previously: Swisslab DITS GmbH) are financed by the company, the obligations in the Netherlands and Switzerland as well as in the NEXUS / ASS.TEC GmbH and NEXUS SWISSLAB GmbH (previously: Swisslab DITS GmbH) are managed and financed by insurance companies. The financing requirements are based on actuarial evaluation concepts.

Valuation basis

Calculation of the pension obligations considers market interest rates as well as wage, salary and pension trends. In Germany, the reference tables 2018 G (Verlag Heubeck-Richttafeln-GmbH, Cologne), which include death and disability probability, probability of being married at time of death, are used as biometric calculation basis. In Switzerland, the statistics of the years 2010 – 2014 based on the tariff of the Occupational Pensions Act (BVG) 2015 were used as a basis. In the Netherlands, the Royal Dutch Actuarial Association (AG) projection table 2018 was applied with mortality experience adjustments.

	2020 [1]	2019	2018
	%	%	%
Discounted interest rate (DE)	1.34	1.94	1.94
Discounted interest rate (NL)	1.6	2.4	2.4
Discounted interest rate (CH)	0.3	1.1	1.1
Average fluctuation rate (DE)	5.0	5.0	5.0
Average fluctuation rate (NL)	0.0	0.0	0.0
Average fluctuation rate (CH) [2]	1.3–28.5	1.3–28.5	1.3–28.5
Wage and salary trend (DE)	1.13	1.29	1.29
Wage and salary trend (NL)	0.0	0.0	0.0
Wage and salary trend (CH)	0.5	0.5	0.5
Annual increase of current pensions (DE)	1.34	1.29	1.29
Annual increase of current pensions (NL)	0.0	0.0	0.0
Annual increase of current pensions (CH)	0.0	0.0	0.0

1) Basis for the sensitivity analysis

2) The assumption for the retirement probability includes age-dependent gradation. This is 28.5 % from the age of 20 and is then gradually lowered until at age 60 when the rate of probability of leaving the company is 1.3 %.

On 31 December 2019, the weighted average term of performance-oriented obligations was 20 years in Germany (previous year: 18 years), 26 years (previous year: 25 years) in the Netherlands and 20 years (previous year: 19 years) in Switzerland.

Change of the net debt from defined benefits

The changes of the cash value of performance-oriented obligations and the plan assets are as follows:

	2019	2018
	KEUR	KEUR
Present value of obligations at beginning of reporting period	51,118	44,001
Entered in profit or loss		
Current service costs	1,705	995
Post service costs	-42	0
Interest expenses	813	607
Entered in other comprehensive income		
Actuarial profits (–) / losses (+) from		
– demographic assumptions	0	-156
– financial assumptions	8,444	-2,178
– adjustment based on experience	1,695	324
Currency exchange rate changes	1,192	1,011
Other		
Additional pension obligations	0	5,133
Paid benefits and persons leaving	753	849
Employee contributions	1,003	818
Administration costs	-359	-286
	66,322	**51,118**

	2019	2018
	KEUR	KEUR
fair value of plan assets at beginning of reporting period	40,280	33,486
Entered in profit or loss		
Interest income	689	518
Entered in other comprehensive income		
Revenue from plan assets without interest received Interest revenue	4,735	-589
Currency exchange rate changes	828	649
Other		
Plan assets receipt	0	3,969
Employer contribution	1,175	844
Employee contributions	1,003	818
Capital payments	791	886
Administration costs	-377	-301
Fair value of plan assets at the end of reporting period	**49,124**	**40,280**

	2019	2018
	KEUR	KEUR
Present value of externally financed obligations	64,833	50,011
Fair value of plan assets	49,124	40,280
Shortage	15,709	9,731
Present value of internally financed obligations	1,489	1,107
Financing status	17,198	10,838
Pension obligations on the balance sheet	17,198	10,838
Of which shown as pension accruals	17,198	10,838

The obligation is divided into the participant groups as follows:

	2019	2018
	KEUR	KEUR
Active employees	15,653	9,895
Left company due to accident	247	224
Retirees	1,298	719
	17,198	**10,838**

Actuarial profits (-) and losses (+) in 2019 in the amount of KEUR 5,404 were entered under other revenue in equity capital before consideration of deferred taxes. The cumulated actuarial losses were entered in other comprehensive income with KEUR 12,588 minus deferred taxes.

The total expenditures for performance-oriented employer's pension commitments, which are contained in personnel expenses, are composed of the following:

	2019	2018
	KEUR	KEUR
Current and post service costs	1,663	995
Interest costs	813	607
Interest income from plan assets	-689	-518
Administration costs	17	16
Net pension expenses	**1,804**	**1,100**

The actual results of the plan assets amount to KEUR -5,425 (previous year: KEUR 71). The plan assets are to the account of Switzerland plans as well as NEXUS Nederland B.V. NEXUS / ASS.TEC GmbH and NEXUS SWISSLAB GmbH (previously: Swisslab DITS GmbH) and are composed of claims against pension schemes.

The plan assets in the Netherlands, Switzerland and Germany are as follows:

	2019	2018
	KEUR	KEUR
Bonds	18,732	19,653
Real estate	0	3,188
Equities	4,812	7,044
Cash and cash equivalents	3,098	688
Other	22,482	9,707
Total	**49,124**	**40,280**

Plan assets in the Netherlands amounting to KEUR 19,959, shown under Others, are held and invested through an insurance company.

	2019	2018	2017	2016	2015
	KEUR	KEUR	KEUR	KEUR	KEUR
Present value of pension obligations	66.322	51.118	44.001	45.105	39.181
Fair value of plan assets	49.124	40.280	33.486	-33.531	-28.366
Plan shortfall	17.198	10.838	10.515	11.574	10.815
Adjustment of pension obligations based on experience	1.695	324	749	1.688	-433
Adjustment of plan assets based on experience	4.735	-589	309	2.648	-2.104

Adjustments of pension obligations based on experience amount to KEUR 1,695 (previous year: KEUR 324), and those of the plan assets to KEUR 4,736 (previous year: KEUR -589). In Germany, the social pension fund is considered a contribution-oriented pension plan. The expenditures entered for the social pension fund for the employees subject to social insurance contributions amounted to KEUR 3,550 in the past fiscal year (previous year: KEUR 3,904). In addition, expenditures for other contribution-oriented plans for executive board members exist for direct insurance during the fiscal year in the amount of KEUR 360 (previous year: KEUR 25).

Sensitivity analysis

If other assumptions had remained constant, the changes possible on the closing key date could have influenced the following amounts with reasonable consideration of a decisive actuarial assumption of the performance-oriented obligation. We assume that the factors fluctuation and mortality are not subject to any decisive volatility due to the duration of the essential obligations. Consequently, we have not conducted a sensitivity analysis at this spot.

	2019	2018
Change of the obligation	KEUR	KEUR
Current assumption as of 31 December		
Total obligation	66,322	51,118
Externally financed obligation	64,833	50,011
Internally financed obligation	1,489	1,107
Discount rate +0.5 PP	-6,869	-4,707
Discount rate -0.5 PP	7,701	4,887
Salary increase rate +0.5 PP [1]	531	653
Salary increase rate -0.5 PP [1]	-551	-680
Salary increase rate +0.5 PP [2]	-146	-203
Salary increase rate -0.5 PP [2]	-154	-263
Pension trend +0.5 PP [3]	-40	-162
Pension trend -0.5 PP [3]	-251	-300

PP = Percentage points

[1] Due to the assumption of annual salary increases domestically of 0% (with exception of NEXUS SWISSLAB GmbH, Berlin), the sensitivity analysis only concerns the salary increase rate for the external financial obligations in the Netherlands and Switzerland.

[2] The amounts concern only the pension obligations of NEXUS SWISSLAB GmbH (previously: Swisslab DITS GmbH), Berlin.

[3] Due to the assumption of annual increases of pensions in Switzerland and the Netherlands, the sensitivity analysis only concerns the pension trend for domestic obligations.

Although the analysis does not consider the complete split of the expected cash flows according to the plan, it provides an approximate value for the sensitivity of the depicted assumptions. The impact on the expected cash flow in the following periods of the internal financial commitments are of subordinate importance.

For the fiscal year 2020, pension expenditures of KEUR 1,591, cash value of the obligation of KEUR 69,015 as future value of the plan assets of KEUR 51,240 are forecast.

Pension payments in the amount of KEUR 58 from the employer.

The expected contributions to the plan assets for 2020 amount to KEUR 332.

Active risk management in connection with the pension plan is currently not carried out due to the manageable risks for the entire Group.

15. ACCRUALS

The accruals are composed of the following:

	As of 01/01/2019	Addition from business combinations	Currency changes	Utilizations 2019	Reversals 2019	Addition 2019	As of 31/12/2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Benefits still to be paid	2,450	0	38	1,195	727	2,900	3,466
Other accruals	10,678	1,119	0	4,288	531	328	7,306
	13,128	**1,119**	**38**	**5,483**	**1,258**	**3,228**	**10,772**

The performances still to be provided concerning risks in project business from threatened follow-up costs as well as price discounts, which are calculated based on values from experience as well as the costs still to be expected. Use of them is expected in 2020. The other accruals will presumably be used in the coming year. The additions of the other accruals from business mergers amounting to KEUR 1,119 result from the initial consolidation of ifa systems AG, Frechen.

16. LIABILITIES

The liabilities with respect to due dates are as follows:

	31/12/2019	
	Short-term (< 1 Jahr)	Long-term (> 1 Jahr)
	KEUR	KEUR
Trade accounts payable	6,326	0
Taxes on earnings obligation	1,700	0
Deferred revenue	5,946	0
Other non-financial debts	4,296	0
– Other taxes	4,296	0
Contract liabilities	1,850	0
Other financial debts	12,669	13,940
– From obligations for salary payables	5,933	0
– Other	6,736	13,940
Right of Use liabilities	3,966	6,899
Total	**36,753**	**20,839**

	31/12/2018	
	Short-term (< 1 Jahr)	Long-term (> 1 Jahr)
	KEUR	KEUR
Financial liabilities [1]	9,000	0
Trade accounts payable	7,070	0
Taxes on earnings obligation	1,615	0
Deferred revenue	4,660	0
Other non-financial debts	3,111	0
– Other taxes	3,111	0
Contract liabilities	5,399	0
Other financial debts	21,985	19,358
– From obligations for salary payables	3,266	0
– Other	18,719	19,358
Total	**52,840**	**19,358**

[1] As part of the acquisition of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin), a financial liability in the form of a short-term loan of KEUR 9,000 was assumed vis-à-vis the share seller.

The income tax liabilities concern actual tax debts for the current period and earlier period. They are to be assessed with the amount, which is to be paid to tax authorities. In calculating the amount, the tax rates and tax regulations are used as a basis, which are valid or announced for the balance sheet date in the respective country.

Revenue deferrals are required if the performance time for realized sales revenues deviates from the fiscal year for the area of software maintenance. The assignment of cost or expense not relating to accounting period will be transferred to the following fiscal year affect the result.

The other non-financial debts contain other taxes (turnover tax, wage and church tax payment obligations as well as social security payments).

The contractual liabilities mainly relate to down payments made by customers.

In the position Other, the probable purchase price obligations from conditional purchase prices (cf. Note 3 for the determination) for purchasing remaining company shares are entered in the amount of KEUR 15,792 (previous year: KEUR 25,767) and are developing as follows:

	KEUR
Status of future contingent purchase price payments as of 01 January 2019	25,767
Disposal due to payment of the remaining purchase price liability of NEXUS SWISSLAB GmbH, Berlin	-5,211
Adjustments according to IFRS 3.46 ff. Purchase price liability of NEXUS SWISSLAB GmbH, Berlin	-700
Disposal due to the payment of the remaining purchase price liability of IBH Datentechnik GmbH, Kassel	-2,000
Disposal due to derecognition affecting net income of the remaining purchase price liability of IBH Datentechnik GmbH, Kassel	-86
Disposal due to the pro rata payment of purchase price liability of NEXUS POLSKA sp. z o.o., Poznan	-1,192
Disposal due to payment of the remaining purchase price liability of nexus / switspot GmbH, Neckarsulm	-1,160
Disposal due to derecognition affecting net income of the remaining purchase price liability of nexus / switspot GmbH, Neckarsulm	-40
Addition due to accrued interest	62
– highsystem ag [1]	7
– NEXUS POLSKA sp. z o.o. [1]	25
– ASTRAIA Software GmbH	7
– NEXUS SWISSLAB GmbH	7
– Creativ Software AG [1]	16
Increase in the purchase price liability due to changes in estimates in connection with NEXUS POLSKA sp. z o.o., Poznan	190
Increase in the purchase price liability due to changes in estimates in connection with NEXUS / CHILI GmbH, Dossenheim	162
Addition as a result of company acquisitions	0
Exchange rate-related adjustments	141
Status of future contingent purchase price payments as of 31 December 2019	**15,933**

[1] including exchange rate effects

In the contingent purchase price payments, KEUR 2,362 are short-term.

17. CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

1. Legal proceedings as well as claims from legal disputes, which occur during the normal course of business, could be asserted in the future against the Group companies. The associated risks are analyzed with respect to the probability of their occurrence. Although the result of these disputes cannot always be assessed precisely, the Executive Board believes that no substantial obligations can arise from this.

   There are contingent liabilities of KEUR 246 (previous year: KEUR 478) from warranty obligations.

2. There are also financial obligations from the lease of offices, leasing of vehicles and other obligations. In line with the economic content of the leasing agreements, the leasing relations are to be classified as operating leasing relations.

   The resulting, possible liabilities are as follows:

31/12/2019	2020	2021–2024	from 2025
	KEUR	KEUR	KEUR
Rents	2,474	4,999	429
Leasing	1,621	1,769	0
	4,095	**6,768**	**429**

31/12/2018	2019	2020–2023	from 2024
	KEUR	KEUR	KEUR
Rents	3,090	7,619	906
Leasing	1,505	1,846	0
	4,595	**9,465**	**906**

   The rent and leasing payments of the fiscal year amount to:

	2019	2018
	KEUR	KEUR
Rents	3,027	3,421
Leasing	1,923	1,419
	4,950	**4,840**

   Rental and leasing agreements do not include purchase options or price adjustment clauses. Extension options included will not be exercised by the lessee with sufficient certainty. Only minimum leasing payments are contained in 2019.

3. Other financial obligations do not exist (previous year: KEUR 0).

18. REVENUE

The consolidated revenues are categorized in the following overview according to regions and business areas:

Healthcare Software	2019		2018	
	KEUR	%	KEUR	%
Germany	71,245	51.1	63,703	50.6
Switzerland / Liechtenstein	32,570	23.4	29,307	23.3
Netherlands	14,705	10.5	14,231	11.3
Poland	6,180	4.4	6,898	5.5
France	5,873	4.2	5,542	4.4
Austria	1,835	1.3	2,143	1.7
Other regions	7,189	5.1	4,080	3.2
Total	**139,597**	**100.0**	**125,904**	**100.0**

Healthcare Service	2019		2018	
	KEUR	%	KEUR	%
Germany	7,502	93.2	9,997	94.6
Switzerland / Liechtenstein	391	4.9	374	3.5
Austria	34	0.4	7	0.1
Other regions	124	1.5	187	1.8
Total	**8,051**	**100.0**	**10,565**	**100.0**

They are attributed to:

	2019		2018	
	KEUR	%	KEUR	%
Services and software maintenance	113,093	76.6	108,001	79.1
Licenses	27,510	18.6	21,384	15.7
Deliveries	7,045	4.8	7,084	5.2
Total	**147,648**	**100.0**	**136,469**	**100.0**

With regard to the individual types of revenue and their realization, reference is made to the statements in 2.4, section “Revenue realization”.

19. OTHER OPERATING INCOME

The other operating income refers above all to neutralization of corresponding expenses of an original service obligation affecting net income in the amount of KEUR 6,000 (previous year: KEUR 500), reimbursement agreements in connection with company acquisitions in the amount of KEUR 3,852 (previous years: KEUR 0), cash-value benefits in the amount of KEUR 1,490 (previous year: KEUR 1,269), revenues from purchase price adjustments in the amount of KEUR 127 (previous year: KEUR 1,189), revenue from closing out reserves in the amount of KEUR 1,258 (previous year: KEUR 93), revenue from sales adjustments for items still under clarification amounting to KEUR 1,416 (previous year: KEUR 605), revenues from charging off short-term reserves in the amount of KEUR 370 (previous year: KEUR 603), foreign currency profits in the amount of KEUR 109 (previous year: KEUR 71), and revenues from insurance refunds in the amount of KEUR 7 (previous year: KEUR 79).

20. COSTS OF MATERIALS AND PURCHASED SERVICES

	2019	2018
	KEUR	KEUR
Costs of raw materials, consumables and supplies and for purchased goods	12,765	12,432
Cost for purchased services	8,742	10,612
	21,507	**23,044**

Costs for raw materials, consumables and supplies as well as for purchased goods are mainly expenses from license and hardware purchases, which were intended for further sales. The area of purchased services mainly concerns services in the wake of project business, which was subcontracted to third parties.

21. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

The following number of employees and trainees were employed on the average in the individual fiscal years:

	2019	2018
Salaried employees	1,271	1,126
Senior staff	25	27
	1,296	**1,153** [1]

[1] The calculation method for determination was adjusted in 2019 due to a higher comparability. The previous year's figure of 1,280 changes to 1,153 employees and trainees on average.

Personnel costs developed during the business year as follows:

	2019	2018
	KEUR	KEUR
Wages and salaries	76,145	63,667
Social security contributions and expenses for pension costs	15,421	12,725
	91,566	**76,392**

22. OTHER OPERATING EXPENSES

The other operating expenses are as follows:

	2019	2018
	KEUR	KEUR
Operating costs	2,537	5,694
Sales costs	4,242	3,892
Administration costs	7,897	5,445
Other operating expenses	5,806	4,207
	20,482	**19,238**

The increasing effect from the companies acquired in previous years overcompensates for the reducing IFRS 16 effect. The other operational expenses mainly concern contributions for sales adjustments for items still under clarification in the amount of KEUR 2,248 (previous year: KEUR 2,464), write-offs and losses from receivables in the amount of KEUR 1,106 (previous year: KEUR 126), expenses from purchase price adjustments in the amount of KEUR 377 (previous year: KEUR 31), losses from asset disposals in the amount of KEUR 70 (previous year: KEUR 22) as well as currency rate losses in the amount of KEUR 66 (previous year: KEUR 65). The other operational expenditures in the table above include payment to the auditing company for the Consolidated Financial Statement as follows:

	2019	2018
	KEUR	KEUR
Audit services **of which in the previous year: KEUR 67**	225	138
Other confirmation services	0	35
Other services	36	10
	261	**183**

The fee for other services relates to business consultancy services. In the fiscal year 2019, KEUR 67 (previous year: KEUR 0) were due retroactively for the Consolidated Financial Statement of the previous fiscal year. In addition to the Consolidated Financial Statement, the auditor also audited the annual financial statements of NEXUS AG.

23. RESULT FROM COMPANY INVESTMENT

The year-end results of company investment, which are due to the NEXUS, are shown in the amount of KEUR -11 (previous year: KEUR 0). Expenses from the depreciation of a company valuated at equity were not incurred in the fiscal year (previous year: EUR 0). G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck (49.00 %) was dissolved with effect from 01 January 2020.

24. FINANCE INCOME

From finance income, KEUR 32 (previous year: KEUR 38), KEUR 19 (previous year: KEUR 34) are revenue from securities, KEUR 3 (previous year: KEUR 0) from interest revenue from bank deposits, and KEUR 10 (previous year: KEUR 4) from other interest and similar income.

25. FINANCE EXPENSES

Of the financial expenses KEUR 603 (previous year: KEUR 290), KEUR 181 (previous year: KEUR 0) is attributable to interest expenses from rights of use (initial application of IFRS 16), KEUR 62 from interest compounding of future contingent purchase price payments, interest payments for concluded litigation in the amount of KEUR 42 (previous year: KEUR 0), KEUR 28 (previous year: KEUR 0) for interest on financial liabilities, KEUR 5 (previous year: KEUR 119) on depreciation and disposal losses on securities of current assets, KEUR 1 (previous year: KEUR 5) on interest expenses from bank liabilities, and KEUR 284 (previous year: KEUR 166) on other interest and similar expenses.

26. INCOME TAXES

Taxes on profit are composed of the actual tax expenses or actual tax amount and the deferred tax expenses or deferred tax amount. The actual tax liabilities or obligations are measured using the applicable tax laws on the cut-off date with the amounts, which probably must be paid to the tax authorities or which they will demand. Deferred tax debts and liabilities are valued on the basis of the tax laws, which applied on the cut-off date, at the tax rate, which probably applies in the period during which the debt or liability is due. In 2019, all losses carried forward were checked for their value based on a five-year plan. Credited deferred taxes were only established in the amount to which realization via future profit is possible. Debited, deferred taxes, which arise especially due to the capitalization of development costs as well as customer relations/technology, are accrued as deferred tax expenses or – when possible – offset with credited deferred taxes. The taxes on the result before income taxes are divided into the actual and deferred income taxes as follows:

	2019	2018
	KEUR	KEUR
Current tax expenses	-3,721	-3,282
– Current year	-3,738	-3,425
– Previous years	17	143
Deferred tax expenses/income	-1,020	-651
– Creation / reversal of deferred differences	-1,020	-651
	-4,741	**-3,933**

The corporate income tax including the solidarity tax and the trade tax as well as comparable taxes dependent on income in foreign countries are shown as income taxes. In addition, tax accruals and deferrals are entered in these positions for all substantial differing amounts between commercial and tax balance sheets as well as possible consolidation measures. Substantial indications for realization of deferred tax claims on losses carried forward not used for taxes, which are higher than the operating results from the conversion of existing, taxable temporary differences, result from:

+ The continual result improvement of core business
+ The increasing maintenance volume
+ The planning of the individual companies belonging to the NEXUS Group.

In determining the tax rates, a domestic tax rate of 15.0 % plus solidarity surcharge, i.e., 15.825 % in total, was set for the Group tax burden, and rates between 11.56 % and 17.16 % were set for the trade tax on earnings depending on the municipality. Taxes on profit in foreign countries are between 17.0 % and 28.0 %. The shown tax expenses deviated from the expected tax expenses, which would have resulted from application of the nominal tax rate on NEXUS AG of 30.54 % (previous year: 30.54 %) on the result according to IFRS.

The relation of the expected tax expenses to the tax expenses, which results from the Consolidated Profit and Loss Account, shows the following transitional calculation:

	2019	2018
	KEUR	KEUR
Profit before income taxes	16,862	14,929
Expected tax expenses 30.54 % (previous year: 30.54 %)	-5,150	-4,559
Change of non-capitalized deferred taxes on losses carried forward	-10	-145
Tax rate differences at subsidiaries	353	593
Deviations from expenditures not deductible from taxes	-42	-90
Previous year taxes and other deviations	108	268
Tax expenses according to the Consolidated Profit and Loss statement	**-4,741**	**-3,933**
Actual tax expenses (in %)	28.1	26.3

27. EARNINGS PER SHARE

The undiluted earnings per share results from the division of the consolidated surplus due to the stockholders by the average weighted number of stocks in circulation during the period. For calculating the diluted result per share, the consolidated surplus due to the stockholders and the average weighted number of stocks in circulation during the period would have to be adjusted by the effects of all potentially diluted stocks, which result from the exercise of granted options.

An average number of stocks of 15,732 thousand (previous year: 15,733 thousand) was used as the based for calculating the diluted result per share.

	2019	2018
Group annual surplus (Group share) in KEUR	10,841	10,921
Average of issued shares in circulation (in thousands) (undiluted)	15,732	15,733
Result per share in euros (undiluted)	0.69	0.69
Average of issued shares in circulation (in thousands) (diluted)	15,732	15,733
Result per share in euros (diluted)	0.69	0.69

The weighted average of common shares (undiluted and diluted) for the fiscal years 2019 and 2018 is calculated as follows:

	Common shares		Repurchase (-) Own shares		Issue (+) Own shares		Total Common shares	
	2019	2018	2019	2018	2019	2018	2019	2018
January	15,712,846	15,728,675	2,715	3,557	2,177	0	15,712,308	15,725,118
February	15,712,308	15,725,118	6,092	11,945	0	0	15,706,216	15,713,173
March	15,706,216	15,713,173	2,500	0	38,000	30,000	15,741,716	15,743,173
April	15,741,716	15,743,173	0	0	0	0	15,741,716	15,743,173
May	15,741,716	15,743,173	3,995	1,839	4,000	942	15,741,721	15,742,276
June	15,741,721	15,742,276	0	2,480	300	3,234	15,742,021	15,743,030
July	15,742,021	15,743,030	0	3,173	0	602	15,742,021	15,740,459
August	15,742,021	15,740,459	500	4,200	250	1,542	15,741,771	15,737,801
September	15,741,771	15,737,801	800	3,517	0	0	15,740,971	15,734,284
October	15,740,971	15,734,284	0	8,635	0	430	15,740,971	15,726,079
November	15,740,971	15,726,079	0	11,439	8,000	0	15,748,971	15,714,640
December	15,748,971	15,714,640	0	1,794	0	0	15,748,971	15,712,846
Total			**16,602**	**52,579**	**52,727**	**36,750**		
Average (undiluted)							**15,732,452**	**15,733,273**
Average (diluted)							**15,732,452**	**15,733,273**

28. STATEMENT OF CASH FLOWS

The statement of cash flows shows how the means of payment of the NEXUS AG changed due to incoming and outgoing flows in the reporting year. Payments are structured according to current transactions, investments and financing activity in the funds statement. The cash flow from current business transactions is shown according to the indirect method.

29. CASH FLOW FROM OPERATING ACTIVITIES

The cash flow from current business activities increased from KEUR 20,241 to KEUR 24.618 the 2019. The increase is essentially attributable to the changes in receivables and other assets and the initial application of IFRS 16 Leases. The recognition of amortization payments for leases in the cash flow from financing activities amounting to KEUR 4,122 means that the cash flow from operating activities improved accordingly.

30. CASH FLOW FROM INVESTMENT ACTIVITIES

The cash flow from investment activities is KEUR -7,010 (previous year: KEUR -17,164). Payments for investments in intangible assets and payments for acquired companies and the increase in shares in already controlling subsidiaries were the focus of investment activities.

31. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities in the amount of KEUR -10.150 (previous year: KEUR -4,438) was decisively influenced by dividend payments of KEUR 2,676 (previous year: KEUR 2,519) to our shareholders as well as payments from the purchase of own shares in the amount of KEUR 424 (previous year: KEUR 1,345). For the acquisition of non-controlling interests for already consolidated companies, disbursements in the amount of KEUR -2,492 (previous year: KEUR -1,579) were made in the financial year. The previous year's value was reclassified from cash flow from investing activities to cash flow from financing activities in the amount of KEUR -1,579 to create better comparability.

A corresponding deterioration resulted from the initial application of IFRS 16 Leases and the associated recognition of the repayments for leases in the cash flow from financing activities amounting to KEUR 4,122.

32. CASH AND CASH EQUIVALENTS

The end-of-year cash position is composed of liquid funds (cash balance and credit balance at banks) minus account adjustment liabilities to banks.

As of 31 December 2019, the Group had cash and cash equivalents in the amount of KEUR 33,533 (previous year: KEUR 25,430). Cash and cash equivalents are deposited with banks and financial institutions classified as investment grades within the context of the credit ratings of the Deutsche Bundesbank and the external credit rating agencies authorized in the Eurosystem. The estimated allowance for cash and cash equivalents has been calculated on the basis of expected losses within 12 months and reflects the short maturities. The Group assumes that its cash and cash equivalents have a low risk of default based on the external ratings of banks and financial institutions. The Group has used the probability of default of the external credit rating agencies authorized by the Deutsche Bundesbank and the Eurosystem to determine the expected losses for cash and cash equivalents.

33. SEGMENTING REPORTING

According to IFRS 8, operative business segments are to be differentiated based on internal controlling and reporting. The Executive Board of NEXUS AG monitors the earning power at regular intervals as the highest decision-making body and makes its decisions about distribution of resources base on the business units Nexus Deutschland, Nexus Rest of Europe, NEXUS / DIS and NEXUS / CMS. Consequently, the business units are the operative segments in the sense of IFRS 8. The legal units included in the Consolidated Financial Statement are also each allocated completely to a business unit. Each business unit is thus composed of one or more legal units.

In the business units NEXUS / DE (Germany), NEXUS / DIS (Diagnostic Information Systems) and NEXUS / ROE (Rest of Europe), software solutions for the healthcare system are developed and marketed in administrative and medical areas. The economic development of these business units reacts uniformly to external influences. In addition, the offered products and services, the service creation process, the customers and the sales methods are almost identical or similar. For the reasons cited, these three business units are combined in the reportable segment Healthcare Software.

Management controls the segments via the operational segment result and segment sales.

The operative segment NEXUS / CMS (Consulting & Managed Services) not allocated to the Healthcare Software reporting segment reports as an independently operating Healthcare Service segment with mandatory reporting. The companies combined under Healthcare Service are managed uniformly. NEXUS / Cloud provides the guiding functions in daily management of hospital IT departments from operational management all the way to taking care of the software applications used and user support. EDP-supported process consulting, including SAP consulting, is mainly offered under the brand NEXUS / ASS.TEC. SAP-HCM consulting is mainly provided under the brand nexus / switspot. The balance sheet and valuation methods of both segments with mandatory reporting correspond to the same accounting methods as external reporting. Transactions between the segments are settled at customary market conditions.

In the following, revenue and results as well as segment assets and segment liabilities are presented for the individual Group segments that have mandatory reporting:

The geographic segments of the Group are determined according to the site of the Group assets. Sales to external customers, which are given in the geographic segments, are shown in the individual segments in line with the geographic site of the customers.

The geographic segments are as follows:

	2019	2018
	KEUR	KEUR
Sales		
Germany	78,747	73,700
Switzerland / Liechtenstein	32,961	29,681
Netherlands	14,705	14,231
Poland	6,180	6,898
France	5,873	5,542
Austria	1,869	2,150
Other regions	7,313	4,267
	147,648	**136,469**
Tangible assets (without financial assets)		
Germany	72,733	63,693 [1)]
Netherlands	19,140	17,354
Switzerland	26,830	24,323
Poland	9,007	9,186
France	3,913	4,397
Spain	2,652	2,793
Austria	5	3
	134,280	**121,749**

[1)] *In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH was adjusted by KEUR 700.*

Reporting according to Business segments	Healthcare Software		Healthcare Service		Consolidation		Group	
	2019	2018	2019	2018	2019	2018	2019	2018
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Revenue								
Sales with third parties	139,597	125,904	8,051	10,565	-	-	147,648	136,469
– Services and Software Maintenance	105,133	98,434	7,960	9,567	-	-	113,093	108,001
– Licenses	27,498	20,728	12	656	-	-	27,510	21,384
– Deliveries	6,966	6,742	79	342	-	-	7,045	7,084
Sales between segments	164	139	4,682	5,224	-4,846	-5,363	0	0
Segment sales	139,761	126,043	12,733	15,789	-4,846	-5,363	147,648	136,469
Operating segment result	16,740	13,930	704	1,251	-	-	17,444	15,181
Revenue from companies valuated at equity	-	-	-11	-	-	-	-11	0
Finance income	30	37	2	1	-	-	32	38
Finance expenses	-577	-279	-26	-11	-	-	-603	-290
Earnings before taxes	-	-	-	-	-	-	16,862	14,929
Income tax	-	-	-	-	-	-	4,741	-3,933
Consolidated annual surplus	**-**	**-**	**-**	**-**	**-**	**-**	**12,121**	**10,996**
Of which to the account of:								
– Shareholders of NEXUS AG	-	-	-	-	-	-	10,841	10,921
– Shares of non-controlling partners	-	-	-	-	-	-	1,280	75
Segment assets	156,833	145,256	6,103	6,302	-	-	162,936	151,558
Financial assets	-	-	-	-	-	-	15	26
Other assets	-	-	-	-	-	-	5,592	29,323
Deferred tax assets	-	-	-	-	-	-	3,650	3,860
Profit tax receivables	-	-	-	-	-	-	2,340	1,511
Cash and balance in bank	-	-	-	-	-	-	33,533	25,430
Total assets	**-**	**-**	**-**	**-**	**-**	**-**	**208,066**	**211,708**
Segment debts	75,069	78,148 [1]	2,847	2,041	-	-	77,916	80,189 [1]
Financial liabilities	-	-	-	-	-	-	0	9,000
Liabilities from tax on profit	-	-	-	-	-	-	1,700	1,615
Deferred revenue	-	-	-	-	-	-	5,946	4,660
Deferred tax liabilities	-	-	-	-	-	-	7,369	7,219
Total liabilities							**92,931**	**102,683** [1]
Investments	10,972	7,351	1,104	303	-	-	12,076	7,654
– of which from the rights of use	4,565	-	786	-	-	-	5,351	-
– of which from intangible assets and tangible assets	6,407	7,351	318	303	-	-	6,725	7,654
Depreciation	15,677	11,136	826	391	-	-	16,503	11,527
– of which from the rights of use	3,747	-	448	-	-	-	4,195	-
– of which from intangible assets and tangible assets	11,930	11,136	378	391	-	-	12,308	11,527

[1] *In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) was adjusted by KEUR 700.*

34. FINANCIAL INSTRUMENTS

The Group is active internationally in part, whereby it is subject to market risks due to changes of exchange rate. The Group does not believe that these risks can have a substantial influence on the revenue and financial situation of the Group. The following explanations supplement the explanations about the information about risks in Management Report.

Non-Payment Risks

Financial instruments, which might cause a concentration of a non-payment risk for the company, are mainly assets at mostly at renowned financial institutes in Germany, Switzerland and the Netherlands, customary market securities and trade receivables. The means of payment and means of payment equivalents of the company are mainly in euros and Swiss francs. The marketable securities concern pension funds. The company continually monitors its investments at financial institutes, who are its contractual partners for the financial instruments, as well as their credit worthiness, and cannot detect any risk of non-fulfillment. Non-payment risks or risks that a contractual partner cannot fulfill his payment obligations are controlled via use of credit lines and other control methods within the framework of debt management (e.g., credit investigations).

Trade receivables are essentially due for payment within fourteen days and do not contain any significant financing components. Therefore, the NEXUS Group applies the simplified approach of IFRS 9.

To measure expected credit losses, trade receivables are combined based on distribution of credit risks using a statistical estimation procedure in an impairment matrix. Default risk classifications are defined by means of qualitative and quantitative factors.

At each reporting date, financial assets are examined to determine whether there has been a deterioration in credit quality resulting in a change in classification. As default event and classification in level 3, receivables are considered for which an increased risk of insolvency can be assumed due to disrupted payment behavior.

Outstanding receivables are continuously monitored locally to determine whether there are objective indications that the receivables are impaired in their creditworthiness. The expected default risks are taken into account by appropriate value adjustments. The Group does not expect any significant collection of the amount written off. Written-off financial assets may nevertheless be subject to enforcement measures to collect overdue receivables to act in accordance with the Group Policy.

Development of loss allowance due to expected credit loss:

Trade receivables	
	KEUR
Loss allowance due to expected credit loss of 01 January 2019	706
Additions	166
Reversals	0
Decrease in value from credit risks as of 31 December 2019	872

Contract assets	
	KEUR
Loss allowance due to expected credit loss of 01 January 2019	3
Additions	4
Reversals	0
Decrease in value from credit risks as of 31 December 2019	7

Cash and balance in bank	
	KEUR
Loss allowance due to expected credit loss of 01 January 2019	26
Additions	8
Reversals	0
Decrease in value from credit risks as of 31 December 2019	34

Other financial assets	
	KEUR
Loss allowance due to expected credit loss of 01 January 2019	27
Additions	0
Reversals	16
Decrease in value from credit risks as of 31 December 2019	11

The NEXUS Group sells its products largely to healthcare institutions with high credit ratings.

Due to the customer structure of the NEXUS Group, there is no significant default risk with regard to trade receivables.

There were default risk provisions in the amount of KEUR 924 on 31 December 2019 (previous year: KEUR 762). The default risk is limited to the book value.

Liquidity Risks

The Group strives to have sufficient means of payment and equivalents for these or have corresponding credit lines to fulfill its obligations over the coming years. In addition, the company has authorized capital available in the amount of KEUR 2,983 (previous year: KEUR 2,983) for further capital increases.

The liquidity situation of the Group is continuously monitored and reported to management. There are no liabilities to banks in the Group. The realization of trade receivables is monitored by receivables management. Significant liquidity risks therefore do not exist from a Group point of view as of the reporting date.

The table below shows the effect of the cash flows not discounted from original financial payables on the liquidity position of the Group and compares them to the carrying amounts. Negative values correspond to a cash inflow. Payment flows deviating significantly from this (deadlines or contributions) are not expected.

	Book value	Cash Flows	Cash Flows	Cash Flows
	31/12/2019 (Previous year)	Within 1 year (previous year)	Within 1 to 5 years (previous year)	After more than 5 years (previous year)
Self-generated financial liabilities	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Financial liabilities	0 (9,000)	0 (9,000)	0 (0)	0 (0)
Trade payables	6,326 (7,070)	6,326 (7,070)	0 (0)	0 (0)
Others	26,609 (34,964)	8,175 (16,308)	18,434 (18,656)	0 (0)
Total	**32,935 (51,034)**	**14,501 (32,378)**	**18,434 (18,656)**	**0 (0)**

Currency Risks

Exchange rate risks are created by sales made in Switzerland, the USA and other regions in CHF, NOK, GBP, PLN and USD and other regions as well as the resultant receivables, which are subject to exchange rate fluctuations until payment. Exchange rate developments are constantly monitored to counter currency risks. Due to the low volatility of the above-mentioned currencies and short payment terms in the area of receivables, the Group does not expect any significant impact on the financial and revenue situation.

The duration of these financial instruments is very short. The book value based on historic purchase costs is also very close to the current fair value for receivables and liabilities, which are subject to normal trade credit conditions.

Transaction Risks

NEXUS AG invoiced approx. 31.5 % of its sales outside of the euro sphere in 2019 (previous year: 29.9 %). We incur costs in Swiss francs due to our operations in Switzerland, in Polish zloty in Poland, but only slight costs in Norwegian krones and British pounds. As of 31 December 2019, the Group had holdings in Swiss francs in the amount of KCHF 14,277 = KEUR 13,152 (31 December 2018: KCHF 9,492 = KEUR 8,425) and holdings in PLN in the amount of KPLN 3,827 = KEUR 898 (31 December 2018: KPLN 1,256 = KEUR 292).

There were trade receivables and other receivables in foreign currency in the amount of KCHF 2,589 = KEUR 2,385 (31 December 2018: KCHF 1,700 = KEUR 1,509), KGBP 0 = KEUR 0 (31 December 2018: KGBP 10 = KEUR 11) as well as KPLN 9.543 = KEUR 2.240 (31 December 2018: KPLN 10.442 = KEUR 2.433) on 31 December 2019.

There were trade receivables and other receivables in foreign currency in the amount of KCHF 2,589 = KEUR 2,385 (31 December 2018: KCHF 1,700 = KEUR 1,509), KGBP 0 = KEUR 0 (31 December 2018: KGBP 10 = KEUR 11) as well as KPLN 9.543 = KEUR 2.240 (31 December 2018: KPLN 10.442 = KEUR 2.433) on 31 December 2019. A hedging relation did not exist on the balance sheet cut-off date. Based on the balance sheet prices of the relevant currencies, the determination of sensitivities of a hypothetical change of the exchange rate relations was set at 10 percent respectively.

If the euro had appreciated (depreciated) in value 10% compared to the Norwegian krone on the balance sheet cut-off date, the Group result before taxes would have been reduced (increased) by KEUR 1 (previous: KEUR 1). If the euro had appreciated (depreciated) in value 10 % compared to the British pound on the balance sheet cut-off date, the Group result before taxes would have been reduced (increased) by KEUR 12 (previous year: KEUR 11). If the euro had appreciated (depreciated) in value 10 % compared to the Polish zloty on the balance sheet cut-off date, the Group result before taxes would have been reduced (increased) by KEUR 128 (previous year: KEUR 80). If the Swiss franc (CHF) had had appreciated (depreciated) in value 10 % compared to the euro on the balance sheet date, the Group result before taxes would have been higher (lower) by KEUR 1,393 (previous year: KEUR 981).

Translation Risks

The headquarters of the subsidiaries NEXUS Schweiz AG (100.00 %), Synergetics AG (60.00 %), Creativ Software AG (100.00 %), highsystem ag (95.00 %) and NEXUS POLSKA sp. z o.o. (100.00 %) are located outside the euro area. Because the reporting currency of the NEXUS is the euro, the revenues and expenditures of these subsidiaries are converted into euros within the framework of consolidation. Changes in the average exchange rates from one reporting period to another can cause significant conversion effects, for example, with respect to sales revenues, the segment result and the Group result.

Additional Information about the Financial Instruments

The following table shows the book value according to valuation categories in line with IFRS 9 and the fair value according to classes of financial assets and financial liabilities. The net profits of the category FVTPL contain revenues from reversals of impairment losses of KEUR 85 (previous year: losses from decreases in value of KEUR 119), which are entered in the position Other Operating Income. Losses are shown in financial expenditures.

The net profits / losses of the category AC essentially contain losses from decreases in value of KEUR -2,248 (previous year: KEUR -2,464). These are shown in position Other Operating Expenses. Profits from value adjustments in the amount of KEUR 1,416 (previous year: KEUR 605) are shown under Other Operating Income.

Net Profits/Losses from Financial Instruments

The net profits and losses from financial instruments (according to valuation category) in fiscal year can be summarized as follows:

	2019
	KEUR
FVTPL (HfT)	85
Net change of fair value of securities	85
AC	-2,214
Net changes in the fair value of the category at amortized cost	-2,214
	-2,129

	2018
	KEUR
FVTPL (HfT)	-119
Net change of fair value of securities	-119
AC	-1,469
Net changes in the fair value of the category at amortized cost	-1,469
	-1,588

Finance Income / Expenses from Financial Instruments measured

Interest income / expenses from financial instruments, which were not valuated with fair value as revenue, were as follows in the fiscal year 2019:

Finance Income / Expenditures from Financial Instruments	2019	2018
	KEUR	KEUR
Finance Income	32	38
Finance Expenses	603	290
	-571	**-252**

Finance income refers to financial instruments of the category FVTPL with KEUR 19 (previous year: KEUR 34). Of the financial expenses of KEUR 603 (previous year: KEUR 290), KEUR 181 (previous year: KEUR 0) are attributable to interest expenses from rights of use. Finance expenses amounting to KEUR 348 (previous year: KEUR 171) relate to financial instruments of category AC and include finance expenses from the compounding of future contingent purchase price payments KEUR 62 (previous year: KEUR 62), interest payments for settled litigation amounting to KEUR 42 (previous year: KEUR 0) and interest on financial liabilities amounting to KEUR 28 (previous year: KEUR 0). Finance expenses do not include expenses from the amortization of securities (previous year: KEUR 119).

As of 31/12/2019 in KEUR	Valuation category according to IFRS 9	Fair value	Book value	Valuation base on the balance sheet according to IFRS 9	
	Valuation	as of 31/12/2019	as of 31/12/2019	FVTPL (HfT)	AC
Securities	at fair value	1,671	1,671	1,671	-
Cash and cash equivalents	at amortized costs	33,533	33,533	-	33,533
Trade receivables and other receivables	at amortized costs	25,927	25,927	-	25,927
Contract assets	at amortized costs	640	640	-	640
Other non-financial assets	at amortized costs	2,543	2,543	-	2,543
		64,314	**64,314**	**1,671**	**62,643**
Trade payable	at amortized costs	6,326	6,326	-	6,326
Contract liabilities	at amortized costs	1,850	1,850	-	1,850
Other financial liabilities [1]	at amortized costs	26,609	26,609	-	26,609
		34,785	**34,785**	**0**	**34,785**

As of 31/12/2018 in KEUR	Bewertungskategorie nach IAS 39	Valuation category according to IFRS 9	Fair value	Book value	Valuation base on the balance sheet according to IFRS 9	
	Valuation	Valuation	as of 31/12/2018	as of 31/12/2018	FVTPL (HfT)	AC
Aktiva						
Securities	at fair value	at fair value	1,586	1,586	1,586	-
Cash and cash equivalents	at amortized costs	at amortized costs	25,430	25,430	-	25,430
Trade receivables and other receivables	at amortized costs	at amortized costs	25,980	25,980	-	25,980
Contract assets	at amortized costs	at amortized costs	1,007	1,007	-	1,007
Other non-financial assets	at amortized costs	at amortized costs	27,405	27,405	-	27,405
			81,408	**81,408**	**1,586**	**79,822**
Passiva						
Financial liabilities	at amortized costs	at amortized costs	9,000	9,000	-	9,000
Trade payable	at amortized costs	at amortized costs	7,070	7,070	-	7,070
Contract liabilities	at amortized costs	at amortized costs	5,399	5,399	-	5,399
Other financial liabilities [1]	at amortized costs	at amortized costs	40,643 [2]	40,643 [2]	-	40,643 [2]
			62,112 [2]	**62,112** [2]	**-**	**62,112** [2]

[1] This position shows the conditional purchase price of KEUR 15,932 (previous year: KEUR 19,856), which was rated at the fair value of Class 3 (see Note 15). The fair value corresponds to acquisition costs carried forward.

[2] In accordance with IFRS 3.46 ff., the purchase price of NEXUS SWISSLAB GmbH, Berlin (previously: Swisslab DITS GmbH, Berlin) was adjusted by KEUR 700.

The following overview presents the financial instruments carried in the balance sheet at the adjusted current market value, on which all essential parameters of valuation are based. The individual classes are defined according to IFRS 7:

Class 1: Valuation with prices noted on active market for identical assets and liabilities.

Class 2: Valuations for the asset of liability is either direct (as price) or indirect (deduced from prices) on the basis of observable input data, which do not represent any quoted price according to level 1.

Class 3: Valuation on the basis of models with input parameters not observed on the market.

				31 December 2019
	Class 1	Class 2	Class 3	Total
Financial assets	1,671	0	0	1,671
Securities	1,671	0	0	1,671

				31 December 2018
	Class 1	Class 2	Class 3	Total
Financial assets	1,586	0	0	1,586
Securities	1,586	0	0	1,586

Explanation of Abbreviations

FVTPL (HfT)
Financial assets / liabilities measured at Fair Value through profit and loss.

AC
Financial assets / liabilities valuated at amortized cost.

35. STATUTORY AND CONTRACTUAL OBLIGATIONS

There were no statutory and contractual obligations on 31 December 2019 as was the case on the cut-off date in the previous year.

36. RELATED PARTY RELATIONSHIPS

Associated Companies

NEXUS AG is the highest ranking parent company. Insignificant transactions were conducted with the affiliated company G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck, for the Group during the reporting period. Sales were made in the amount of KEUR 55 (previous year: KEUR 55), and no purchases were made. There were no outstanding trade accounts receivable or trade account payables on the cut-off date as was the case in the previous year.

Board Members

Management members in key positions are only management members (Supervisory Board and Executive Board) of the Group parent company NEXUS AG. In addition to their work in the Supervisory Board, the members of the Supervisory Board provide services themselves or via companies affiliated with them for the Group and invoice them in line with customary market conditions. In 2019, the expenses for such service fees amounted to KEUR 72 (previous year: KEUR 121). There were outstanding trade accounts payables in the amount of KEUR 5 on the balance sheet cut-off date (previous year: KEUR 0). In addition, Group companies provide services to Supervisory Board members and invoice them in line with customary market conditions. In 2019, the revenues from such services amounted to KEUR 79 (previous year: KEUR 85). There were outstanding trade account receivables in the amount of KEUR 0 on the balance sheet cut-off date (previous year: KEUR 24). There are no other relations to affiliated persons requiring reporting other than the information already reported at this place and other places.

The outstanding positions at the end of the fiscal year are not collateralized, non-interest bearing and will be paid in cash. There are no guarantees for receivables or payables in connection with affiliated companies. The Group did not adjust any values for receivables with respect to affiliated companies as of 31 December 2019, as was the case on the cut-off date of the previous year. The necessity of reporting a valuation adjustment is checked annually by checking the financial situation of the affiliated company and the market, in which it is active.

37. ORGANS OF THE GROUP MEMBERS AND BOARD OF MANAGEMENT

The following persons are members of the Supervisory Board:

+ Dr. jur. Hans-Joachim König, Singen; Chairman
+ Prof. Dr. Ulrich Krystek, Hofheim; Deputy Chairman
+ Prof. Dr. Felicia M. Rosenthal, Freiburg
+ Prof. Dr. Alexander Pocsay, St. Ingbert
+ Dr. Dietmar Kubis, Jena (starting from 03 May 2019)
+ Jürgen Rottler, Singen (starting from 03 May 2019)
+ MBA (FH) Wolfgang Dörflinger, Constance (until 03 May 2019)
+ Gerald Glasauer, Business Manager, Obersulm (until 03 May 2019)

The overall remuneration of the Supervisory Board amounted to KEUR 112 (previous year: KEUR 112).

The Executive Board:
+ Dr. Ingo Behrendt, Donaueschingen; Chief Executive Officer
+ MBA Ralf Heilig, Kreuzlingen (CH); Chief Sales Officer
+ Graduated Engineer Edgar Kuner, St. Georgen; Chief Development Officer

The total salaries of the Executive Board are as follows:

	2019	2018
Salary components	KEUR	KEUR
Non-performance-related components	1,019	707
a) Short-term services	659	682
b) Benefits after termination of employment	360	25
Performance-related components without long-term incentives	420	420
Performance-related components with long-term incentives	454	191
Total	**1,893**	**1,318**

Capitalized own contributions amounted to KEUR 1,893 (previous year: KEUR 1,318) in the fiscal year. This includes KEUR 360 (previous year: KEUR 25) for the pensions of the Executive Board. In connection with the direct commitment, a pension provision was created for the first time in the reporting year based on new actuarial calculations for the pension entitlement earned since the service application.

38. EVENTS AFTER THE BALANCE SHEET DATE

As of 01/01/2020, a total of eight companies of NEXUS were merged into a total of four business units. The reason for the mergers is the merger of previously separately managed profit centers and the consequent improved control capability of the entire group.

The following mergers are concerned:

nexus / reha GmbH, Donaueschingen, was merged with the merger agreement of 18 November 2019 into nexus/cso GmbH, Donaueschingen, as of 01 January 2020.

VEGA Software GmbH, Frankfurt am Main, was merged with the merger agreement of 18 November 2019 into Nexus Deutschland GmbH, Donaueschingen, with effect from 01 January 2020.

IBH Datentechnik GmbH, Kassel, was merged with the merger agreement of 18 November 2019 into Nexus Integration Solution GmbH, Donaueschingen, with effect from 01 January 2020.

NEXUS / ASS.TEC, Donaueschingen, was merged with the merger agreement of 18 November 2019 into nexus / switspot GmbH, Neckarsulm, as of 01 January 2020.

Subject to the approval of the Annual General Meeting, the Executive Board of NEXUS AG will conclude an indefinite profit and loss transfer agreement with the subsidiary NEXUS / MARABU GmbH with effect from 1 January 2020.

NEXUS AG holds an indirect insignificant share (49.00%) in G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck, which is consolidated at equity. G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, was dissolved with effect from 01 January 2020.

NEXUS acquired 100.00 % of the shares of AEGERUS SL, Sabadell (Spain) as of 20 February 2020. NEXUS is intensifying its activities in Spain and in the field of nursing homes with this purchase. With approx. 700 customers, AEGERUS SL is one of the market leaders for nursing homes in Spain and especially in Catalonia. This is a market that is growing strongly in Spain and still very fragmented in Europe. The very cloud-based software solution will be further developed together with the NEXUS/HOME.NET and NEXUS/SPITEX nursing care solutions and prepared for other markets in the future.

KEUR 921 were agreed as purchase price, of which KEUR 532 have been paid from the current bank balance of NEXUS; a purchase price liability was established for another KEUR 389. In accordance with IFRS 3.45, the amounts shown below for the first-time recognition at the time of acquisition are provisional: The future contingent purchase price payment of KEUR 389 represents the fair value. The amount of the purchase price payment expected in the future is limited. The identified and evaluated assets and debts identified in allocating the purchase prices are essentially composed of technology (KEUR 201) and customer relations (KEUR 137) at the purchase time. Goodwill resulted from the purchase price allocation in the amount of KEUR 581. The goodwill results mainly from the skills and expertise of the AEGERUS SL workforce and the expected synergies from the integration of the company into the Group's existing software business. None of the recorded goodwill is expected to be deductible for tax purposes. Deferred tax liabilities were calculated in the amount of KEUR 85. The disclosures in accordance with IFRS 3 B64 (h) and (i) could not be made because the classification is not yet conclusive.

39. STATEMENT PURSUANT TO SECTION 161 OF GERMAN STOCK CORPORATION LAW (AKTG) CONCERNING THE CORPORATE GOVERNANCE CODE

The Supervisory Board and the Executive Board of NEXUS AG submitted the statement required according to Section 161 of the German Stock Corporation Law on and made it continually accessible on the Group homepage at www.nexus-ag.de – Investor Relations – Corporate Governance.

Donaueschingen, 09 March 2020

Nexus AG
The Executive Board

Assurance of Legal Representatives

According to the best of our knowledge, we assure that the actual relations corresponding to the assets, finances and revenue situation of the Group in line with the accounting principles to be applied for the Group Financial Statement are stated and that the course of business including the business result and the situation of the Group are depicted in the Group Status Report, so that the actual relations as well as the essential chances and risks of the probable development of the Group are described.

Donaueschingen, 09 March 2020

Nexus AG
The Executive Board

Audit Certificate of the Independent Auditor

To Nexus AG, Donaueschingen

Note on the audit of the consolidated financial statements and the group management report

Auditor' Report

We have audited the consolidated financial statements of **Nexus AG, Donaueschingen** and its subsidiaries (the Group) consisting of the consolidated financial statements as of 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the fiscal year from 01 January to 31 December 2019 as well as the notes to the consolidated financial statements, including a summary of significant accounting methods. In addition, we audited the group management report of Nexus AG, Donaueschingen, for the fiscal year from 01 January to 31 December 2019. We did not review the content of the separate non-financial (Group) report published on the company's website and the (Group) Corporate Governance Statement published on the company's website, to which reference is made in each case in the Group management report in section "Separate non-financial (Group) report" or "(Group) Corporate Governance Statement and Compliance Statement" in accordance with German legal requirements.

In our opinion, based on the findings of our audit:

+ the attached consolidated financial statements comply in all essential aspects with IFRS to be applied in the EU and the additional requirements of Section 315e (1 of the German Commercial Code (HGB). Under compliance with these regulations, the consolidated financial statements give a true and fair view of the assets and financial position of the Group as of 31 December 2019 as well as its financial performance for the fiscal year from 01 January to 31 December 2019.
+ In all essential aspects, this group management report is consistent with the consolidated financial statements, complies with legal requirements and suitably presents the opportunities and risks of future development. Our audit opinion on the Group Report does not extend to the above-mentioned non-substantively audited components of the Group Report.

In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), we declare that our audit has not resulted in any objections to the regularity of the consolidated financial statements and the group management report.

Basis for the Audit Report

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Auditors' Regulation (No. 537/2014; hereinafter referred to as "EU-APrVO") in compliance with the generally accepted standards in Germany for the audit of financial statements promulgated by the Institute of Auditors (IDW). Our responsibility in accordance with these regulations and principles is described in more detail in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" of our audit certificate. We are independent of the Group companies in accordance with European and German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. In addition, in accordance with Article 10 (2 letter f of the EU-APrVO, we declare that we have not provided any prohibited non-audit services in accordance with Article 5 (1) of the EU-APrVO. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide the basis for our audit report of the consolidated financial statements and the group management report.

Particularly important audit issues in the audit of the consolidated financial statements

Particularly important audit issues are those matters that we consider to be the most significant in our audit of the consolidated financial statements for the fiscal year from 01 January until 31 December 2019. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in the preparation of our opinion thereon; we do not express a separate opinion on these matters.

In the following, we present the audit issues that we consider to be particularly important:

1) Credit quality of goodwill
2) Acquisition and initial consolidation of ifa systems AG
3) Recognition of revenue from service and software maintenance as well as the sale of software licenses

Concerning 1) Credit quality of goodwill

a) The risk for the financial statements

In the consolidated financial statements of Nexus AG, a total goodwill of EUR 74.0 million is reported under the balance sheet item "Goodwill". This corresponds to 35.6 % of the consolidated balance sheet total. Goodwill is subject to an impairment test by the company on the balance sheet cut-off date of the respective fiscal year.

The annual impairment test for goodwill is based on a discounted cash flow valuation model at the lowest level of cash-generating units. If the book value of goodwill exceeds the recoverable amount of the respective cash-generating unit, a devaluation requirement arises. We refer to sections 2.4 and 5 of the notes to the consolidated financial statements for explanations regarding goodwill and the impairment test.

The determination based on the discounted cash flow method is complex and the outcome of this valuation is highly dependent on the legal representatives' assessment of future cash inflows from the expected business and earnings development of the cash-generating units during the planning period and on the determination of the discount rate used.

Against this background, there is a risk for the financial statements that an impairment loss existing at the balance sheet cut-off date will not be recognized. Consequently, we consider this situation to be of particular importance in the context of our audit.

b) Audit procedure and conclusions

To assess the appropriateness of the planning assumptions, we gained an understanding of the planning process and appropriate controls during discussions with the Executive Board and the planning managers. We compared the planned values used in the impairment test with the corporate planning prepared by the Executive Board and approved by the Supervisory Board.

The reliability of business planning was assessed based on a retrospective plan/actual comparison between the plan figures on which the previous year's valuation was based and the actual occurrence in the 2019 fiscal year. Insofar as significant deviations were noted, these were discussed with the employees responsible at Nexus AG regarding their relevance for the present financial statements.

We assessed the company's calculation method and the key parameters used, including, but not limited to, the Weighted Average Cost of Capital, the market risk premium, the beta factor and the growth discount, for appropriateness with participation of our valuation specialists.

To ensure that the valuation model used is correct, we have reproduced the company's calculations on the basis of risk-oriented, selected elements.

We also verified whether the book value of the respective cash-generating unit was properly determined based on the assets and liabilities to be taken into account on the balance sheet cut-off date.

We have examined the sensitivity analyses carried out by the company for the cash-generating units, which include a change in the discount rate and cash inflows, in terms of their meaningfulness and checked the mathematical correctness.

We consider the calculation method of Nexus AG for carrying out impairment tests to be appropriate to determine a potentially necessary devaluation requirement. Overall, the valuation parameters and assumptions applied appear comprehensible and appropriate and are in line with our expectations.

Concerning 2) Acquisition and initial consolidation of ifa systems AG

a) The risk for the financial statements

In fiscal year 2019, Nexus AG acquired a majority share in ifa Systems AG, Frechen (approx. 53%).

The purchase price was EUR 2.7 million, and the value of the determined goodwill was EUR 0.4 million.

As part of the purchase price allocation, the acquired assets and liabilities are to be identified and measured on the basis of discretionary assumptions.

With regard to the explanations regarding the newly acquired company in the reporting year, please refer to the notes to the consolidated financial statements under section 3 "Company mergers".

In view of the complexity of the underlying contractual regulations and the estimation leeway, there is a risk for the financial statements that the assets acquired and the liabilities assumed will not be properly identified and appropriately valued. This applies correspondingly to the residual amount of goodwill resulting from the purchase price allocation. Consequently, we consider this situation to be of particular importance in the context of our audit.

b) Audit procedure and conclusions

Within the scope of our audit, we initially dealt with the regulations of the underlying purchase contracts. Subsequently, we assessed the concept of Nexus AG for the complete and proper identification and valuation of the acquired assets and assumed liabilities. The concept (valuation models and parameters) for determining the fair values of the identified assets and liabilities was assessed with participation of our valuation specialists.

After assessing the concept as appropriate, we checked whether the identification and evaluation was carried out in accordance with the concept developed by Nexus AG.

The purchase price allocation mainly identified intangible assets such as technology, customer relationships and licensing rights. We have verified the assumptions regarding the existence of customer relationships, technology and licensing rights based on contract documents, other documents submitted as well as through discussions with the Executive Board and the employees of Nexus AG responsible for the creation of the purchase price allocations.

We then reviewed whether the values determined on this basis were appropriately reflected in the consolidated balance sheet.

We believe that the concept of Nexus AG for identifying and evaluating the acquired assets and assumed liabilities is suitable to enable a proper presentation in the consolidated financial statements. The assumptions used by the company are reasonable.

Concerning 3) Recognition of revenue from service and software maintenance as well as the sale of software licenses

a) The risk for the financial statements

The Group generates significant revenues from services and software maintenance as well as the sale of software licenses to customers. With these types of sales, EUR 140.8 million of the total revenues generated (EUR 147.6 million) were achieved in the reporting year.

Revenue from the sale of licenses is recognized in accordance with IFRS 15 when the assumed performance obligation (delivery of the license) has been provided by the transfer of control to the customer, the inflow of the counter-performance is probable and the amount can be reliably determined. Revenues from services are recorded as soon as the services have been provided and the customer can obtain essential benefit from them. The revenues from software maintenance are to be recognized pro rata over the period of the contract.

The Group offers customers combinations of its services under multi-component contracts.

Insofar as the services in multi-component contracts do not constitute a customer-specific work contract (production order) within the meaning of IFRS 15, the Group recognizes the respective sales when the corresponding contractual element has been delivered or provided. In the case of multi-component contracts relating to customer-specific work contracts, revenue is recognized according to the degree of completion of the project (percentage of completion method).

With regard to the explanations regarding the revenue recognition of the Nexus Group, we refer to the disclosures in the notes to the consolidated financial statements under section 2.4 on the accounting policies.

There is a risk for the financial statements that sales will be recognized, although the above-mentioned requirements of IFRS 15 for the recognition of the revenues from service and software maintenance as well as the sale of software licenses are not met and the revenue recognition is therefore incorrect. Therefore, we consider this situation to be of particular importance in the context of our audit.

b) Audit procedure and conclusions

We have assessed the consistency of the accounting policies applied by the Nexus Group for recognition of revenue with the provisions of IFRS 15.

We examined the control environment with respect to the recognition of sales revenues for the different types of sales. The Nexus Group has implemented appropriate automated controls in the area of revenue recognition. There were no significant objections within the context of the audit concerning the effectiveness of the controls. In addition to the audit of the internal control system, we carried out testimonial-related audit procedures for the sales revenues recognized during the year.

The selection of the sales sample was based on random selection, so that potentially both high sales and lower sales were used. For this random sample, we collected and checked the contractual basis or orders, the proof of performance (transfer of power of disposal) and the invoice submitted to the customer.

In addition, we identified work contracts based on the information provided by the employees responsible at Nexus AG (Accounting). For these, we reviewed the prerequisites for time and/or time-period-based revenue recognition as well as the appropriate determination of the completion percentage according to the percentage of completion method.

In addition, we conducted analytical audits for the development of sales revenues, differentiated by revenue types and time periods based on a statistical selection (monetary unit sampling), and obtained external bank confirmations from customers for outstanding balances on the balance sheet cut-off date. In the event of differences or a lack of return in the context of the balance confirmation measure, we obtained alternative audit evidence.

We believe that the accounting and valuation methods used by the Nexus Group to recognize sales revenues are appropriate to enable an appropriate presentation in the consolidated financial statements. In addition, we were able to convince ourselves that the processes and controls set up are suitable to enable a proper recognition of sales revenues.

Other Information

The legal representatives or the Supervisory board are responsible for other information.
Other information includes:

+ The separate non-financial (Group) report published on the Group's website, referred to in the "Separate non-financial (Group) report" section of the Group Report
+ The (consolidated) corporate governance statement published on the Company's website, to which reference is made in the consolidated report in section "(Group) Corporate Governance Statement and Compliance Statement"
+ The Report of the Supervisory Board
+ The other parts of the annual report, but not the consolidated financial statements, the Group management report information included in the substantive audit and not our accompanying audit opinion
+ The affirmation pursuant to Section 297 (2) sentence 4 of the German Commercial Code (HGB) for the consolidated financial statements and the affirmation pursuant to Section 315 (1) sentence 5 of the German Commercial Code (HGB) for the Group management report

The Supervisory Board is responsible for the report of the Supervisory Board. The statutory representatives and the Supervisory Board are responsible for the declaration pursuant to Section 161 of the German Stock Corporation Act (AktG) of the German Corporate Governance Code, which is part of the above-mentioned (Group) declaration on corporate governance published on the company's website. The legal representatives are responsible for other information.

Our opinions on the consolidated financial statements and the group management report do not extend to the other information and we accordingly do not express an opinion or any other form of audit conclusion on them.

In connection with our audit of the consolidated financial statements, we have the responsibility to read other information and to assess whether the other information:

+ appears to be materially misrepresented due to inconsistencies with the consolidated financial statements, with the substantively audited group report information or
+ with our knowledge gained during the audit or otherwise.

If, on the basis of the work we have carried out, we conclude that there is a material misrepresentation of this other information, we are obliged to report this fact. We have nothing to report in this context.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e (1) of the German Commercial Code (HGB) in all essential respects and for ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. In addition, the legal representatives are responsible for the internal controls that they consider necessary to enable the preparation of financial statements that are free from essential misstatements, whether intentional or unintentional.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue its business activities. Furthermore, they have the responsibility to disclose matters relating to the continuation of business activities if relevant. In addition, they are responsible for accounting on the basis of the accounting policy of continuing operations unless there is an intention to liquidate the Group or discontinue operations or there is no realistic alternative.

The legal representatives are also responsible for the preparation of the group management report, which as a whole provides a suitable view of the Group's position and is consistent with the consolidated financial statements in all essential respects, complies with German legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, the legal representatives are also responsible for the precautions and measures (systems) that they deem necessary to enable the preparation of a group management report in accordance with the applicable German legal requirements and to provide sufficient suitable evidence for the statements in the group management report.

The Supervisory Board is responsible for monitoring the Group's accounting process for preparing the consolidated financial statements and the Group management report.

Responsibility of the auditor for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free of material misstatements – whether intentional or unintentional – and whether the group management report as a whole provides a suitable view of the Group's position and is consistent in all essential respects with the consolidated financial statements and with the findings of the audit, complies with the German legal requirements and suitably presents the opportunities and risks of future development as well as to issue an audit certificate that includes our audit opinions on the consolidated financial statements and the group management report.

Sufficient security is a high degree of security, but there is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU-APrVO in compliance with the German generally accepted standards for the audit of financial statements promulgated by the Institute of Auditors (IDW) will always reveal an essential misstatement. Misstatements may result from fraud or errors and are deemed to be essential if they can reasonably be expected to affect the economic decisions individually or collectively based on these annual financial statements.

During the audit, we exercise due discretion and maintain a critical attitude. In addition:

+ We identify and assess the risks of material misstatements – whether intentional or unintentional
+ in the consolidated financial statements and the group management report, plan audit procedures in response to these risks, and perform audits that serve as a sufficient and appropriate basis for our audit opinion. The risk that essential misstatements resulting from fraud will not be identified is greater than that for a misstatement resulting from errors, since fraud may include fraudulent co-operation, falsifications, deliberate omissions, misleading representations or the overriding of internal controls.
+ We gain an understanding from the relevant internal control system and relevant precautions and measures audit procedures to plan audit procedures for auditing the group management report that are appropriate under the specific circumstances, but not with the objective of issuing an opinion on the effectiveness of the company's internal control system.
+ We assess the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values shown by the legal representatives and related information.
+ We assess the appropriateness of the legal representatives' use of accounting principles of continue operations as well as – based on the audit evidence obtained – whether essential uncertainty exists in connection with events or circumstances that may cast significant doubt on the Group's capacity to continue business operations. If we conclude that material uncertainty exists, we are required to draw attention in our audit certificate to the related information in the consolidated financial statements and the group management report or, if such information is inappropriate, to modify our audit opinion. We have drawn our conclusions on the basis of the audit evidence obtained by the date of our audit certificate. However, future events or conditions may result in the Group no longer being able to continue its business.
+ We assess the overall presentation, the structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS as adopted by the EU and the additional requirements of German law pursuant to Section 315e para. 1 of the German Commercial Code (HGB).
+ We obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the Group to give our opinion on the consolidated financial statements and the group management report. We are responsible for the guidance, supervision and conduct of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
+ We assess the conformity of the group management report with the consolidated financial statements, its compliance with legal provisions, and the picture presented by it of the Group situation.
+ We perform audit procedures on the forward-looking statements contained in the group management report as presented by the legal representatives. Based on sufficient and suitable audit evidence, we perform our audit in particular on the basis of the significant assumptions, on which the forward-looking statements by the legal representatives are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant, unavoidable risk that future events will essentially differ from the forward-looking statements.

We discuss with those responsible for monitoring, including the scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a statement to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them all relationships and other matters reasonably likely to affect our independence and the safeguards we have taken.

On the basis of the matters we discussed with those responsible for monitoring, we determine those matters that were most significant in the audit of the consolidated financial statements for the current reporting period and consequently are the most important audit issues. We describe these matters in the audit certificate unless laws or other legal provisions exclude the disclosure of the facts.

Miscellaneous statutory and other legal requirements

Other information in accordance with Article 10 EU-APrVO

We were appointed as auditors of the consolidated financial statements by the Annual General Meeting on 03 May 2019. We were commissioned by the Chairperson of the Audit Committee on 22 October 2019. We have been working uninterruptedly as auditors of the consolidated financial statements of Nexus AG, Donaueschingen since the 2018 fiscal year.

We declare that the audit opinions contained in this audit certificate are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU-APRVO (Audit Report).

Responsible Auditor

The auditor responsible for the audit is Mr. Anselm von Ritter.

Stuttgart, 09 March 2020

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Christoph Eppinger	Anselm von Ritter
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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