nexus | ag

ANNUAL REPORT 2018

Financial Highlights for the Business Year 2018

	2018	2017	Change
SALES AND OPERATING RESULT	**KEUR**	**KEUR**	**(in %)**
Sales	136,469	119,083	14.6
Healthcare Software Sales	125,904	107,954	16.6
Healthcare Service Sales	10,565	11,129	-5.1
Domestic sales	73,700	66,178	11.4
Sales in foreign countries	62,769	52,905	18.6
Operating Result	15,181	13,319	14.0
Group result before tax on income	14,929	13,282	12.4
Group results before interest and taxes on earnings (EBIT)	15,181	13,316	14.0
EBITA	18,335	16,075	14.1
EBITDA	26,708	23,718	12.6
Consolidated surplus	10,996	10,156	8.3
Cash flow from current business transactions	20,241	21,677	-6.6
Cash flow from investment activities	-18,743	-9,416	99.1
Net income per share (undiluted/diluted)	0.69 / 0.69	0.63 / 0.62	9.5 / 11.3
Share price (closing price year end, Xetra, in EUR)	24.50	25.81	-5.1
ONGOING DEVELOPMENT COSTS AND DEPRECIATIONS			
Capitalization of software developments	4,130	5,058	-18.3
On-going investments in software development	22,688	21,171	7.2
Depreciation	11,527	10,402	10.8
Acquisition-related depreciations from purchase price allocation	3,154	2,759	14.3
ASSETS, EQUITY CAPITAL AND PAYABLES			
Fixed Assets (without deferred taxes)	122,631	94,781	29.4
Current Assets / Short-Term Assets	85,217	54,329	56.9
Net Liquidity	27,016	28,385	-4.8
Equity Capital	108,325	103,009	5.2
EMPLOYEES	**1,280**	**975**	**31.3**

Contents of the Annual Report 2018

Letter to Our Stockholders

Dear Stockholders:

The NEXUS Team is very happy about the **very positive development** in 2018. We continue to grow, increasing profitability and continue to improve our market position thanks to new orders and interesting acquisitions. We are proud that we could continue this positive trend this year.

General Development

"NEXUS / NEXT GENERATION:" The year 2018 was characterized significantly for NEXUS by our new product initiative. We can essentially attribute the strong development of our business figures to the success of "NEXUS / NEXT GENERATION". The **good market acceptance** has been shown in the increasing number of incoming orders and sales figures. In particular, our existing customers confirm that we have set a trend with the implementation of a completely user-related and intuitive user interface, which has fully met user expectations. Our goal is to set the **market standard** in terms of user-friendliness and innovation with the new product.

The focus of Group interest was on **NEXUS / HIS^NG** in 2018. The overall shift to a new software generation is seen by our customers as an important next step in digitalization. The **new user interface** meets the need for simplicity and clarity and facilitates system conversion. But also the demand for additional NEXT / NEXUS modules developed positively in 2018. For example, **mobile apps** enabled us to record significant revenue growth. Mobility in the use of e-health systems is becoming an increasingly important feature for users, and it is a trend that is motivating hospitals to make additional investments. We also introduced NEXUS / NEXT GENERATION projects **in many departments** in diagnostics. These include endoscopy, cardiology, pathology and radiology – areas where our process-oriented screen layouts (workspaces) are particularly well received, because users are guided intuitively and the search in menus and function trees is completely omitted.

Dr. Ingo Behrendt
Chief Executive Officer

The success of the NEXT / NEXUS programs additionally motivated us in 2018 to accelerate the **internationalization** and expansion of our product portfolio. This course is also clear in our figures: In 2018, we **invested** approx. EUR 22.7 million or 17 % of sales in our products and new customer solutions. This is a high value that is unique in our industry. This makes it all the more important that these investments are also worthwhile: This was again the case in 2018.

Sales increased by approximately 14.6 % to EUR 136.5 million in 2018, and earnings before tax (EBT) were 12.4 % higher than last year at EUR 14.9 million.

Market Successes

We are still in a challenging industry environment that is characterized by intense competition. Although the number of companies that can handle large projects has become very small, there is intensive competition within the industry for market shares. Customers are still rather critical of a system change (HIS). Therefore, there are still comparatively few invitations for bids for systems. However, **NEXUS benefits** from its high number of existing customers and the resulting cross-selling potential.

This is also reflected in the number of new projects that we were able to conclude with customers in 2018. We achieved a new highest number of **520 new projects.** We were able to win particularly interesting new projects in Germany, Poland and France:

A project for the **full digitalization** of a newly built hospital (ARONA) was launched in Berlin in December. The hospital is now fully digital and is considered an innovative showcase project. This shows that the market particularly trusts us to realize such innovative and challenging projects. Also in Germany, the Graf von Oeynhausen Group with three rehabilitation clinics opted for NEXUS / REHAB.

In **Poland**, two new hospitals (Szpital Powiatu Bytowskiego and Szpital Grochowski) chose our HIS. This is a great success for NEXUS Polska, which has only belonged to the group since January. It is paying off quickly here that we are consistently focusing on product innovations in integration.

The French **ELSAN Group** has placed orders for the conversion of a total of 52 hospitals to our new HIS version Emed5. Here too, we can be very proud of the fact that the largest private hospital group in France is investing further in the HIS of the NEXUS Group. Clinique Esquirol-Saint Hilaire, France, has also chosen our HIS Emed5.

The incoming orders in the field of "Diagnostic Information Systems" (NEXUS / DIS) was pleasing. Again in 2018, many customers decided to digitalize their diagnostic findings and department processes with NEXUS. The market is convinced that NEXUS provides full coverage of **clinical findings** in its own portfolio. This prevents interface problems between the systems and enables the establishment of a uniform diagnostic IT platform.

Examples of interesting orders for department solutions are numerous, for example, Helios Klinikum Krefeld, where we are **digitalizing internal medicine.** The same applies to Klinikum Dortmund and Remscheid. In Remscheid, we were selected for the Clinic for Cardiology, Angiology, Pneumology and Intensive Care with our CWD^NG solution. In the Accident Hospital Graz (AUVA), Austria, we introduced our solution for tracking and **documenting sterile goods** (CSSD). NEXUS / CURATOR was ordered by the clinics in Hanover region to optimize quality processes. We were also successful in sales in the field of **digitalization of OP-processes** (e.g., Roosevelt Mulhouse Clinique).

Our **radiology team** was particularly busy in 2018. New projects were completed such as the St. Anna Hospital in Geldrop (NEXUS / RIS), the BMBF-funded research project in the German Heart Center Berlin for biofilm detection as well as 25 new telemedical **projects.** In the telemedical network TKmed, we now have 680 receivers and belong to one of the **largest telemedicine providers** in Germany.

NEXUS was also very successful in **Enterprise Content Management** (ECM) in 2018. The area had a record number of incoming orders with new customers such as JCC, Rostock University Hospital and Saarbrücken Hospital.

The good number of incoming orders in 2018 **confirm our strategy** of also offering specialized, modular solutions for departments and units in addition to HIS. Hospitals are consequently enabled to build up a unified IT solution step by step.

Projects and Service

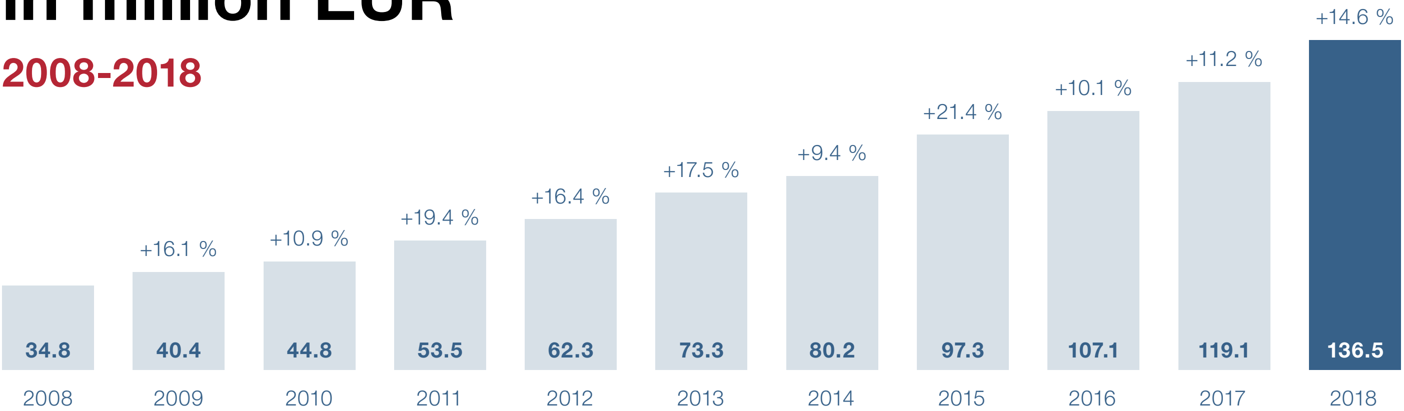
We had a number of **challenging projects** in 2018. This includes the major order of the hospitals of German pension insurance, the Bundeswehr order as well as the projects "intensive care medicine in the Netherlands", a "complete hospital project in Bulgaria", the "radiology project in the Hirslanden Group in Switzerland" and the "major project of the ELSAN Group in France to convert to HIS^NG (Emed)". We also implemented a number of orders in the context of our innovative project "ENDOBASE NEXT", which we implement together **with Olympus**. After a long lead time, we are increasingly seeing projects completed by our partner.

Although we introduced very professional project implementation methodology in the last year, we were not able meet the customer's needs in some projects, neither in time nor in quality. The escalation processes have resulted in tying up considerable capacities and significant additional costs. Especially in the area of healthcare service, we have had considerable organizational and project problems since the beginning of 2018. The overlapping topics "GDPR" and "problems in staff recruitment" are particularly burdensome in this area. In the second half-year, **we reorganized the departments** and are tackling the weak points with all the consequences. This includes one of the construction of a new data center as well as the termination of customer contracts, we no longer consider part of our core business. The organizational reorganization under the title **"CLOUD IT"** is showing initial successes, and the legacy issues are increasingly being solved. The new lineup has made us more efficient and **focuses** offers **more strongly** to our customers, business operations and the end-user support our own software applications.

Ralf Heilig
Chief Sales and Marketing Officer

Group Sales in million EUR

2008-2018



Sales

Total sales increased to EUR 136.5 million (previous year: EUR 119.1 million) in the reporting year. Compared to the previous year, sales were approx. 14.6 % higher. Sales in the Healthcare Software Division grew by 16.6 % to EUR 125.9 million (previous year: EUR 108.0 million). On the other hand in the Healthcare Service Division, we were able to achieve EUR 10.6 million following EUR 11.1 million in 2017 (-5.1 %). International business represented a share of 46.0 % in the total Group in 2018 following 44.4 % in the previous year.

Innovations and acquisitions

Innovation focus in 2018 was again our NEXT / NEXUS program. We understand by it the further development of our **NEXUS / NEXT GENERATION software** and the acquisition of companies for content and regional broadening of our offer. Our focal points in in-house development were in the areas of **NEXUS / MOBILE and diagnostic solutions** in 2018. New development projects relate to the topics “AI”, “Graphical report generators” and “clinical MIS”. We see significant potential in these development fields for the future and are confident that our high investments will pay off.

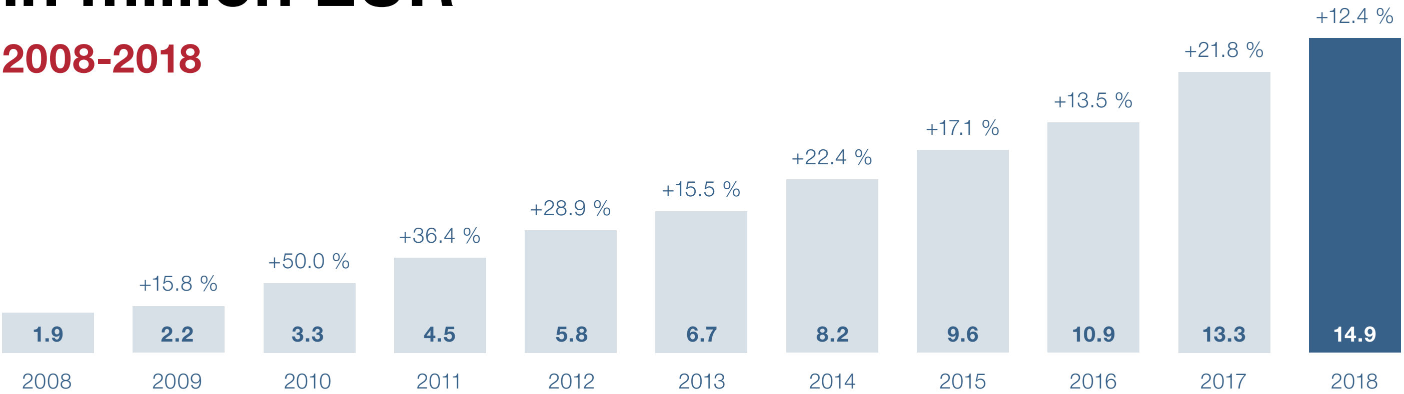
Edgar Kuner
Chief Development Officer

In addition to our own developments, we also strengthened our company through **acquisitions** in 2018. We already reported in the Annual Report 2017 about the acquisition of the MedHub Sp. z o.o., Poznan, Poland (today: **NEXUS Polska**). We purchased the company with 55 % of the shares on January 9, 2018. The technology transition and integration into the NEXUS Group was very successful and contributed in the current year to **significantly increasing sales** and results.

NEXUS AG acquired 61 % of the shares of **ASTRAIA Software GmbH**, Munich, at the beginning of June 2018. The software of ASTRAIA supports gynecologists and obstetricians in ultrasound diagnostics and in carrying out and evaluating scientific studies. ASTRAIA has approx. 30 employees in Munich. We also integrated modern **Customer Relationship Management (CRM)** for hospitals and donation organizations in our software range with acquisition of 80 % of the shares of Creativ Software AG. Creativ is the market leader with more than 50 customers in Switzerland for CRM systems for non-profit and donation organizations and employs approx. 25 persons at its location in Widnau, Switzerland. We took a very important step in our product and company development on 30 November 2018 for the acquisition of **Swisslab DITS GmbH, Berlin,** with the associated laboratory products “SWISSLAB Laboratory Information System” and “LAURIS Order Communication System”. The products close the last major product gaps in our portfolio. Under the ownership of the previous stockholder, the products **“SWISSLAB”** and **“LAURIS”** were developed into a leading laboratory solution in Germany and Austria and expansion in other European countries has been started successfully. With more than 150 employees and customers in six countries, the company is one of the largest providers on the market. The objective of this transaction is to develop solutions for existing and new customers further in an innovative way and additionally increase customer benefits thanks to product integration with NEXUS modules. The company has been subject to major challenges due to investments in internationalization in recent years. For this reason, the previous stockholder and NEXUS concluded a purchase contract, which takes certain restructuring costs into account. The regulation is intended to negate any effect for the NEXUS Group during the first 18 months.

Group Result before Taxes in million EUR

2008-2018



Results

Despite our extensive activities, investments and reorganizations, our results in 2018 were significantly higher than in the previous year.

We increased the result before taxes to EUR 14.9 million compared to EUR 13.3 million in the previous year (+12.4 %). EBITA rose from EUR 16.1 million to EUR 18.3 million (+14.1 %), and EBITDA reached EUR 26.7 million compared to EUR 23.7 million in the previous year (+12.6 %). Our cash flow from operating activities was again very strong, which reached a very high value at **EUR 20.2 million** although it was slightly below that of the previous year. The liquid assets of NEXUS Group amounted to a total of EUR 27.0 million (previous year: EUR 28.4 million) on 31 December 2018, despite significant investments last year (computer center, real estate, acquisition and development investments). The result after taxes increased from EUR 10.2 million to EUR 10.9 million (+8.3 %), and the EPS reached EUR 0.69 following EUR 0.63 (+9.5 %).

This strong result includes considerable **special expenses**. The expenditures for acquisitions and company integrations had a negative effect. We allotted considerable corporate resources for these in addition to the direct costs. In total, we calculate the costs of company acquisition and integration costs to amount to **EUR 2.2 million** in 2018. The costs of the reorganization including the project costs in the Healthcare Service area amounted to approximately **KEUR 720**. Sales charges from currency exchange rate changes totaled EUR 1.1 million in 2018.

The 2018 results are another proof that our technology and business model is sustainable. We have able to improve our market position, sales and results continuously since 2002. As a result, we have grown considerably both in sales and **earnings for the 17th year in a row**. With the acquisitions and the upcoming integration of the products, we also closed the last gaps in our product portfolio. Today, NEXUS is positioned so that we can implement a fully digital hospital with all special applications from our own product portfolio. This gives us an **exceptional position on the market**.

Consequently, the topic **"ONE / NEXUS"** is in the foreground for us in 2019. With "ONE / NEXUS", we launched an organizational and production initiative at the end of 2018, which marks the next important step in our company development. Our products must be further internationalized, new solutions integrated and companies integrated more intensively. We want to take the next steps toward growth with these measures.

Capital Market

The capital market also demonstrated a **high degree of interest** in our shares in 2018, which was also reflected in our share price. The NEXUS share stood at a price of EUR 25.81 at the end of 2017 (closing price 29 December 2017, Xetra). In the meantime, the shares of NEXUS have increased to EUR 29,60 (9 May 2018, Xetra). At the end of the 2018 financial year, the price fell to EUR 24.50 (closing price 28 December 2018, Xetra). This corresponds to a reduction of 5 %. The DAX 30 lost approx. 18 % 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 Chief Executive Officer	Edgar Kuner Chief Development Officer	Ralf Heilig Chief Sales and Marketing Officer


Auto Align
START

ONE / NEXUS

Digitalization of all radiology processes

RIS

PACS
(CHILI)

Teleradiology
(CHILI)

Referring
physician portal
(CHILI)

Quality Management
(CURATOR)

We provide the most innovative radiological overall concept on the market with NEXUS / RIS^{NG} and CHILI PACS^{NG}. In practice, this means: No change of interface and no inconsistencies between RIS and PACS. We go one step further in "ONE / NEXUS": Processes can be automated and referring physicians or colleagues can be integrated digitally into the radiological process. This represents a substantial increase in efficiency for the total radiological process.

ONE
NEXUS

Report of the Supervisory Board

Dr. Hans-Joachim König
CHAIRPERSON 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 fiscal year 2018. The Supervisory Board has fulfilled its checking and monitoring obligations. The business transactions submitted for approval to the Supervisory Board due to legal and company statutes were checked and discussed with the Executive Board. In addition, the Chairperson of the Supervisory Board as well as his deputy were informed about the course of business at regular intervals.

In the fiscal year 2018, Dr. Hans-Joachim König (Chairman), Prof. Dr. Ulrich Krystek (Deputy Chairman), Wolfgang Dörflinger, Gerald Glasauer, Prof. Dr. Alexander Pocsay and Prof. Dr. Felicia Rosenthal were members Supervisory Board during the whole year.

The Supervisory Board had four regular meetings in the fiscal year 2018 on 5 March 2018, 27 April 2018, 20 September 2018 and 18 December 2018. In addition, Supervisory Board meetings were held on 29 May 2018 and 11 June 2018 as part of telephone conferences and Supervisory Board resolutions were passed regarding the implementation of corporate acquisitions.

The Supervisory Board dealt in depth the topic of “Corporate Governance” in its session on 18 December 2018, especially with the German Corporate Governance Code. The Supervisory Board passed a resolution about the common correspondence statement of Supervisory Board and Executive Board pursuant to Section 161 of the German Stock Corporation Act [AktG]). The corresponding declaration is published in the Internet at www.nexus-ag.de. In addition, the Supervisory Board dealt intensively with the Declaration on Corporate Governance (section 289a of the German Commercial Code (HGB).

None of the Supervisory Board members was absent at more than half of the Supervisory Board meetings. The Auditing Committee created by the Supervisory Board met once in the business year 2018. The Personnel Committee did not hold its own meeting.

In addition to the cited committees, the Supervisory Board did not have any other committees in the fiscal year 2018.

The Annual Financial Statement drawn up by the Executive Board of NEXUS AG, the Status Report, the Group Financial Statement and Group Status Report for the business year 2018 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 2018 at the annual general meeting on 27 April 2018 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 of 26 February 2019. The auditor also took part in the financial audit committee meeting and in the meeting on 26 February 2019 of the Supervisory Board, and the auditor reported about the essential results of the audit and answered any questions.

On the basis of the check of the Audit Committee and its own audit, the Supervisory Board approved the result of the check of the audit with a resolution of 4 March 2019.

No objections were raised following the final result of the check by the financial audit committee and the check by the Supervisory Board. The Supervisory Board assessed and approved the Annual Financial Statement and the Status Report drawn up by the Executive Board, the Group Financial Statement and Group Status Report as of 4 March 2019.

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, 4 March 2019

Dr. Hans-Joachim König
Chairperson of the Supervisory Board

Dr. Hans-Joachim König
Chairperson of the Supervisory Board


ONE / NEXUS
Digital support and diagnostic reliability as well as in obstetrics
Obstetrics
Ultrasound scans (astraia)
PACS (CHILI)
From pregnancy planning to CTG monitoring and all the way to birth documentation, NEXUS / OBSTETRICS[NG] supports all processes in this field. Additional diagnostic and process components are integrated with ONE / NEXUS. With the enhanced features in ultrasound diagnostics (astraia), first-trimester risk determination according to FMF and echocardiography diagnosis of the fetal heart can be performed.
ONE
NEXUS

ONE / NEXUS – From the Specialist Department to the Entire Hospital

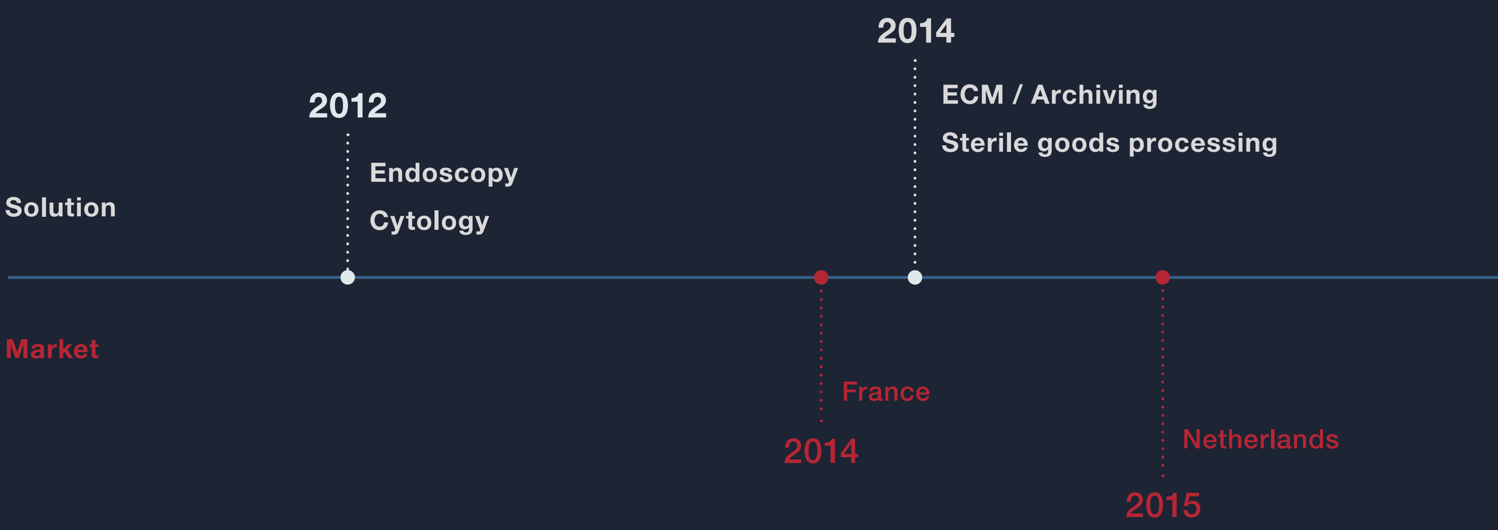
ONE / NEXUS: OUR NEXT STEP!

With "ONE / NEXUS", we launched an organizational and production initiative, which marks the next important step in our company development.

NEXUS has grown very strongly in recent years. Many new solutions and companies are now part of the NEXUS Group, and we are significantly more active internationally than in the past. A good development! We have come a clear step closer to our goal of providing a completely digitalized hospital in an international solution.

Undoubtedly, this expansion has particularly challenged our product development department and our organization. Our products must be further internationalized, new solutions integrated and companies integrated more intensively. Our customers rightly require us to seamlessly integrate newly developed and purchased software modules into our software.

Our solutions and markets 2012 - 2018

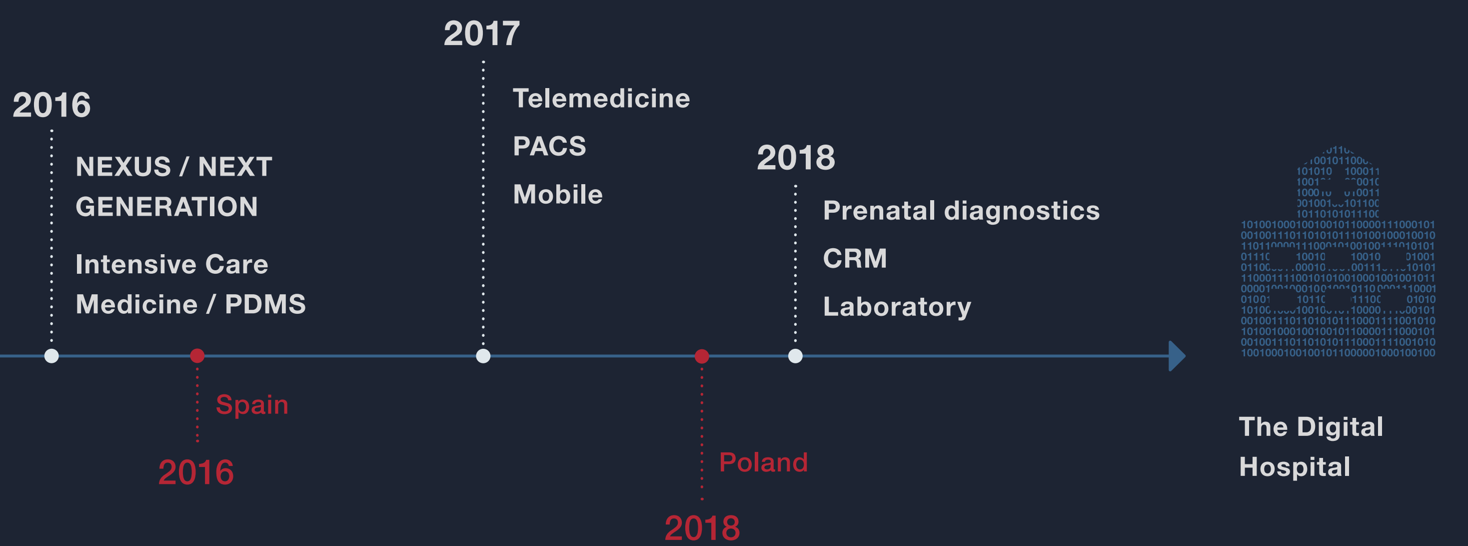


„We are closing the integration gaps in the overall system with ‘ONE / NEXUS’ and at the same time build new partial solutions with which customers can further digitalize their processes.“

THE ONE / NEXUS PRODUCT INITIATIVE

NEXUS / NEXT GENERATION software (NG) has received a lot of attention on the market. It integrates all e-health functions in a homogeneous technology environment, combined with an innovative operating concept: A successful concept!

We now ensure with “ONE / NEXUS” that we can deliver on this promise for all new developments and acquired modules. To this end, we integrate the technological basis within our container architecture and implement uniform user prompting in all modules. As a result, NEXUS / HIS customers can rely the capability to integrate all new modules into the innovative NG technology. A strong argument for NEXUS / HIS^{NG}.



HIS

+ Inpatient and outpatient billing
+ Patient Management and Financial Accounting
+ Patient Record, Nursing, Chart, Duty Roster
+ Medication, Intensive Care Medicine and Operating Theater
+ Sterilization and Catering
+ Quality Management and Data Protection

LABORATORY AND PATHOLOGY

+ Laboratory
+ Pathology
+ Cytology
+ QM-Laboratory
+ Order-Management Laboratory & Pathology

SPECIAL DIAGNOSTICS

+ Endoscopy
+ Cardiology
+ Cardiac Catheter
+ Gynecological Clinic
+ Obstetrics
+ Ophthalmology

NEXUS / NEXT GENERATION

THE UNIFORM OPERATING CONCEPT

ARCHIVING / IMAGE MANAGEMENT

+ Enterprise Content Management
+ Archiving
+ Image Management
+ IHE Communication

RADIOLOGY

+ RIS
+ PACS
+ Dose Management
+ Teleradiology

John Doe

HIS

RADIOLOGY

LABORATORY AND PATHOLOGY

SPECIAL DIAGNOSTICS

ARCHIVING / IMAGE MANAGEMENT

NEXUS / MOBILE

+ All functions are available mobile
+ Uniform user prompting / inpatient and mobile
+ Own mobile framework

DIGITALIZATION OF ALL PROCESSES IN THE HOSPITAL AND BEYOND
NEXUS / HIS^{NG}

NEXUS / HIS^{NG} stands for complete digitalization of clinical and administrative processes of healthcare institutions. The NEXUS / HIS^{NG} diagnostic department solutions (NEXUS / DIS) are already an integral part of the NEXUS / HIS^{NG} and are fully integrated into a uniform user interface. As a result, we are able to provide the most complete and innovative HIS on the market.

In “ONE / NEXUS”, we build on these strengths and extend the NEXUS / HIS^{NG} to provide process support that goes beyond a hospital.

The advantages of these process support are obvious: Referring physician and colleagues can be integrated into the treatment process, and patient documents can be transmitted digitally. Employees can also access HIS functions from home via apps, findings can be digitally requested from external laboratories and pathologies and the results can be transmitted electronically.

These “ONE / NEXUS” integrations greatly accelerate the automation of the HIS processes even outside a hospital. This is a further development that enables all stakeholders to increase their efficiency considerably.

+ **Telemedicine and IHE communication –** The telemedical connection to other institutions, referring physicians and patients
+ **NEXUS / MOBILE –** The mobile use of HIS functions also outside a hospital
+ **LAURIS –** The digital requirement of laboratory and pathological findings from the NEXUS / HIS^{NG}

DIGITIZATION OF ALL LABORATORY PROCESSES
NEXUS / SWISSLAB, NEXUS / PATHOLOGY^{NG} AND NEXUS / CYTOLOGY^{NG}

We combine the strongest products on the market to form a uniform, modular laboratory solution with NEXUS / PATHOLOGY^{NG}, NEXUS / CYTOLOGY^{NG} and the new NEXUS / SWISSLAB (laboratory). We have not only the largest customer base on the German market, but also a non-competitive product that supports all laboratory, pathology and cytology processes in a state-of-the-art manner. To enable complete digitalization, we combine additional modules of the NEXUS Group as part of “ONE / NEXUS“ to form a process-oriented overall solution for laboratories.

+ **LAURIS –** Integrated order and findings communication in laboratories and pathologies
+ **NEXUS / QM Laboratory –** Direct derivation of laboratory SOPs from the orders
+ **NEXUS / PEGASOS^{NG} –** The digital archiving of laboratory orders and results
+ **NEXUS / PACS^{NG} –** Support for digital pathology

Uniform order and findings communication (LAURIS) is an essential innovation step and enables paperless communication between sender and laboratory / pathology / cytology. Further process advantages result from the derivation of laboratory SOPs by NEXUS / QM laboratory and the archiving of orders in NEXUS / PEGASOS^{NG}: Many hours of work in documentation can be saved here.

“ONE / NEXUS” integration of these solution components enables laboratories and pathologies to fully digitalize their processes within a single solution. The economic efficiency of this offer is obvious.

DIGITALIZATION OF ALL RADIOLOGY PROCESSES

NEXUS / RIS^{NG} AND CHILI PACS^{NG}

We provide two premium solutions with NEXUS / RIS^{NG} and CHILI PACS^{NG}, which we combine to form a uniform RIS / PACS offer. As a result, we can provide the most innovative RIS / PACS overall concept on the market – fully integrated into the NEXUS / NG container. In practice, this means: No change of interface and no inconsistencies between RIS and PACS.

We go one step further in "ONE / NEXUS". To enable radiology and hospitals to digitalize processes completely, we combine additional modules of the NEXUS Group to form a process-oriented overall solution:

+ **CHILI Teleradiology –** Full teleradiological connection to other facilities
+ **NEXUS / CURATOR –** Automated quality management of radiological processes
+ **CHILI Referrer Portal –** Automated Integration of referring physicians

The "ONE / NEXUS" integration of these solution components provides radiologists with the opportunity to automate their processes further and digitally integrate referring physicians and colleagues into the diagnostic process. This is an important step and a substantial increase in efficiency for the overall radiological process.

DIGITALIZATION OF ENDOSCOPIC DIAGNOSTICS

NEXUS / ENDOSCOPY^{NG} (E&L), CHILI PACS^{NG} AND NEXUS / INTEGRATION SERVER

NEXUS / ENDOSCOPY^{NG} (E&L) is the market-leading software solution in gastroenterological diagnostics. Thanks to intelligent diagnosis, automatic endoscope detection and washing machine integration, this solution is already considered a market standard today. We are currently expanding this position even further together with Olympus.

Additional process innovations are provided in NEXUS / ENDOSCOPY^{NG} as part of the "ONE / NEXUS" program.

To enable qualified image analysis during endoscopic examination, we have integrated CHILI PACS^{NG} directly into the NEXUS / ENDOSCOPY^{NG} interface. The same applies to the NEXUS / INTEGRATION SERVER, which ensures the seamless integration of the endoscopes and clinical informatics. With this "ONE / NEXUS" integration, we map the process of diagnosis completely and fully automated. A powerful tool that enable users to increase efficiency considerably.

FOR INCREASED SAFETY AND DIGITAL SUPPORT IN OBSTETRICS
NEXUS / OBSTETRICS^{NG}

NEXUS / OBSTETRICS^{NG} is used throughout Europe in many hospitals to prepare important diagnostic information transparently and to make the processes in obstetrics efficient. From pregnancy planning to CTG monitoring and all the to birth documentation, NEXUS / OBSTETRICS^{NG} supports all processes in this field.

The “ONE / NEXUS” program incorporates the latest developments within NEXUS and integrates other important findings and process components into the NEXUS / OBSTETRICS^{NG} solution:

+ **Prenatal/ultrasound diagnostics** from astraia
+ **CHILI PACS^{NG}**

Thanks to the integration of ASTRAIA GmbH, we are able to supplement enhanced functions in ultrasound diagnostics. This includes the first trimester risk determination according to FMF and the echocardiography diagnosis of the fetal heart. FMF risk assessment in particular has established itself as a global standard, which we have now integrated.

The “ONE / NEXUS” integrations do not stop at this point, but also provide the DICOM viewer of CHILI and consequently direct image diagnosis from the obstetrics module of NEXUS.

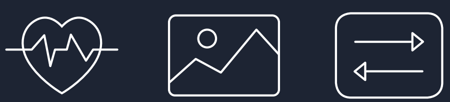
CVIS (CARDIOVASCULAR INFORMATION SYSTEM) WITH NEW FUNCTIONS
NEXUS / CARDIOLOGY^{NG} (E&L)

The cardiovascular information system from E&L is known for the strong cardiology and cardiac catheter diagnosis functions. Diagnoses can be produced in the shortest possible time both graphically and in standardized text. We have developed the module from a diagnosis system to a real CVIS step by step.

As part of the “ONE / NEXUS” program, we want to go a step further and expand the functionalities of image diagnosis (CHILI PACS^{NG}) and device integration (NEXUS / INTEGRATIONSERVER) in CVIS.

For this, we rely on the strong modules from the NEXUS portfolio, which are seamlessly integrated into the CVIS.

With these “ONE / NEXUS” product measures, we will be able to accelerate the standardization of our product range significantly and provide new, innovative specialist solutions on the market.



"ONE / NEXUS" ORGANIZATION

The opportunities we have created thanks to our expansion in recent years must be used consistently. NEXUS is now available in many European healthcare facilities with one or more software products and consequently has great cross-selling potential.

As part of our "ONE / NEXUS" program, we want to continue to focus on this potential. This also applies organizationally: Synergies between business units should be used more strongly and a uniform presence on the market should be ensured.

We have implemented a number of organizational changes:

+ Country organizations are responsible for all NEXUS products.
+ The product divisions are responsible for the localization of their products and the specialist sales department.
+ The central development projects will be expanded.
+ The NEXUS Healthcare Service area is being reorganized and concentrated on application-related IT service.

Group Organization

NEXUS / DE	NEXUS / CH	NEXUS / FR	NEXUS / NL	NEXUS / AT	NEXUS / ES	NEXUS / PL
NEXUS / HIS	NEXUS / HIS	NEXUS / Emed	NEXUS / EPD	NEXUS / HIS	NEXUS / TESIS	NEXUS / ESKULAP
DIAGNOSTIC SOLUTIONS – RADIOLOGY						
DIAGNOSTIC SOLUTIONS - LABORATORY / PATHOLOGY						
ARCHIVING / ECM						
CLOUD IT SERVICE				SAP SOLUTIONS		
DEVELOPMENT						

„We will significantly further develop our organization in 2019 and focus on future growth with these 'ONE / NEXUS' measures."

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 / 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 profession-overlapping 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

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 / PACS^{NG} (CHILI)

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 / TELEMEDICINE (CHILI)

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 protection-compliant 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 / 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 / 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 findings 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 / OBSTETRICS^{NG}

NEXUS / OBSTETRICS^{NG} is specifically 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 / 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.


ONE / NEXUS
Digitalization of all processes in the hospital and beyond
HIS
Telemedicine (CHILI)
Mobile
LAURIS (SWISSLAB)
NEXUS / HIS^{NG} stands for complete digitalization of clinical and administrative processes of healthcare institutions. Diagnostic department solutions are already an integral part of hospital work today. We extend NEXUS / HIS^{NG} process support beyond hospitals with ONE / NEXUS. Referring physicians and colleagues are involved in the treatment process, and employees can also access HIS functions from home via apps.
ONE
NEXUS

Our NEXUS-Management-Team

Roland Popp
NEXUS AG

Stefan Born
NEXUS Deutschland

Uwe Hannemann
E&L
NEXUS

Martin Matuschyk
NEXUS AG

Klaus Fritsch
NEXUS / DIS
NEXUS / CLOUD IT

Ivo Braunschweiler
NEXUS Schweiz

Sabine Dold
NEXUS AG

Svenja Randerath
NEXUS AG

Loïc Raynal
NEXUS France

Jean-Marc Trichard
NEXUS France

Daniel Heine
NEXUS Deutschland

Thomas Lichtenberg
NEXUS / MARABU

Uwe Engelmann
CHILI

Katharina Kajzer
NEXUS / SWITSPOT

Michael Brütting
NEXUS / SWITSPOT

Sylvia Unger
NEXUS / ASS.TEC

Eric van Kooten
NEXUS Nederland

Fred Hiddinga
NEXUS Nederland

Xavier Conill Vergés
NEXUS / SISinf

Jacek Kobusiński
NEXUS Polska

Ewa Szalczyk
NEXUS Polska

Pawel Masadynski
NEXUS Polska

Christine Gärtner
NEXUS / DIS

Roland Denk
astraia

Clas Clasen
NEXUS / QM

Ivo Teubner
NEXUS / SWISSLAB

Edlar Stambler
NEXUS / SWISSLAB

Arnd Liman
NEXUS / DIS

Ulrike Stahnke
E&L

Udo Geißler
E&L

Patrick Stein
NEXUS AG

Andreas Schwengeler
CREATIV

Thomas Nieth
highsystem

Irene Graber
NEXUS Schweiz

Hannes Wehinger
NEXUS AG

Sabine Süsskind
NEXUS / DIS

Dennis Klein
NEXUS / DIS

Melanie Ilic
NEXUS AG

Michael Schösser
NEXUS Deutschland

Markus Erler
NEXUS Deutschland

Ralf Günther
NEXUS / MARABU

Bernd Hähner
IBH

Dirk Hübner
IBH

Timo Hornig
NEXUS / CSO

Hagen Kühn
NEXUS / CSO

Andreas Pribil
NEXUS Österreich


ONE / NEXUS
Digitalization of all laboratory processes
Laboratory
(SWISSLAB)
Pathology
ECM
(MARABU)
PACS
(CHILI)
Quality Management
(CURATOR)
We combine the two strongest products on the market to form a uniform, modular laboratory solution with NEXUS / PATHOLOGY^NG and NEXUS / SWISSLAB. We combine further modules of the NEXUS Group within the framework of ONE / NEXUS. We provide you with the possibility of full digitalization of all laboratory and pathology processes within a single solution.
ONE
NEXUS

Group Management Report for the Fiscal Year 2018

BASIC PRINCIPLES OF THE GROUP

Business model

NEXUS Group 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 / ESKULAP:** Complete information system for somatic and psychiatric institutions in Poland
+ **NEXUS / HOME:** Complete information system for senior citizen homes and nursing home chains
+ **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
+ **Emed:** Web-based hospital information system for French healthcare institutions
+ **NEXUS / REHAB:** Complete information system for rehabilitation facilities
+ **NEXUS / PAT (CH):** Complete administration information system for Swiss hospitals
+ **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
+ **CHILI:** PACS and teleradiology solutions
+ **NEXUS / GYNECOLOGICAL HOSPITAL:** Information system for obstetric institutes and gynecological hospitals
+ **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 / SPECIAL DIAGNOSTICS and Clinic WinData:** 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
+ **NEXUS / SWITSPOT:** Software solutions to complement SAP HR management
+ **NEXUS / ASS.TEC:** Process and HR consulting in the SAP environment
+ **highsystemNET:** NEXUS Life Cycle Client Management
+ **CREATIV OM:** The CRM for non-profit organizations and healthcare institutions
+ **NEXUS / CLOUD IT:** Outsourcing solutions in healthcare

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

NEXUS software architecture is modular, 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 digitalize, 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), Hanover, Magdeburg, Ismaning, Munich, Jena, Kassel, Neckarsulm, Ratingen, Münster, Singen (Hohentwiel), Vienna (AT), Wallisellen (CH), Widnau (CH), Altishofen (CH), Basel (CH), Lugano (CH), Zurich (CH), Grenoble (F), Creuzier-le-Neuf (F), Nieuwegein (NL), Sabadell (ES) and Poznan (PL). NEXUS AG sets the decisive strategic orientation of the 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 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 2018, investments were especially made for developments for the products NEXUS / KIS 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.

Development costs in the amount of KEUR 4,130 were capitalized in 2018 (previous year: KEUR 5,058). In 2018, developments included capitalized developments for the above-mentioned new products.

Development investments, which can be capitalized, amounting to approx. KEUR 4,200 are planned for the business year 2019. A total of 414 people were employed in the development sector at the end of the fiscal year (previous year: 314). A total of KEUR 22,688 (previous year: KEUR 21,171) were spent for development. Of the sales in 2018, KEUR 21,384 (previous year: KEUR 20,938) are thanks to own and third-party license revenue.

Report on the Economic Situation

Economic and Sectoral Framework 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, escalation of 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

Observing information technology trends and developments is extremely important for the strategy of NEXUS. The regularly published technology trends of the respective years (e.g., Gartner Report „IT Trends 2019”, IT trends for CIOs from Forrester) provide a good framework for orientation.

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

Trend I: Artificial Intelligence (AI) – The leap from niche technology to broad use

AI, as the main technological trend in recent years, continues to take a significant step forward and now uses techniques and technologies that go far beyond traditional rule-based algorithms. “Already today, AI is used to diagnose diseases more efficiently, develop medications, personalize treatments and even edit genes. We seem to be at the point of an exponential development here: The more we digitalize and unify our medical data, the more we can use AI to find relevant patterns – patterns with which we can make precise and cost-effective decisions in complex analysis processes.” [1] Another field of application of artificial intelligence is in the software development process itself. Various functions of “application development”, “data science” and “testing” are increasingly automated by AI. According to Gartner, at least 40 percent of the projects for the development of new applications will have AI developers in their team by 2022. We will soon come into the area of „machine learning“, that is, the ability of an artificial intelligence to intervene independently in system development and to improve itself through experience. NEXUS is involved with AI development projects in the automation of software development as well as in medical decision support.

[1] see Data Revenue GmbH: Künstliche Intelligenz in der Medizin, URL: https://www.datarevenue.com/de/usecases/kuenstliche-intelligenz-in-der-medizin (status as of 21 February 2019); slightly modified

Trend II: Mobile computing and “intelligent apps and analytics”

Mobile applications are spreading increasingly faster in healthcare facilities. “Intelligent apps and Analytics” such as 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 III: Edge computing is becoming more important in cloud-based platforms

Public and private clouds also became widespread in the healthcare sector in the last few years. The trend towards cloud-based platforms (PaaS), which make new technologies more flexible and scalable, also intensified in 2018. An extension of these cloud trends comes into the architecture discussion via edge computing. Edge computing extends the central cloud concept with a decentralized hardware-related component. Edge computing devices can be small controllers in sensors, one-board PCs that are close to the medical devices, or mini data centers in hospital departments. The computing power is available where it is needed for analysis, which is especially important for real-time applications, because otherwise running times are too long. IDC estimates that more than 90 % of companies will use „multiple cloud services and platforms“ and 80 % of applications will use micro-services and cloud functions by 2021. [2] NEXUS sees the trend as continuing and continues to invest in cloud infrastructure and container technology in 2018. Enhancement using edge computing is being tested in some data-intensive areas.

[2] see IDC Central Europe GmbH: IDC Studie: Multi Cloud in deutschen Unternehmen auf dem Vormarsch, 2020 kommt der große Durchbruch (27 September 2018), URL: https://idc.de/de/ueber-idc/press-center/66042-idc-studie-multi-cloud-in-deutschen-unternehmen-auf-dem-vormarsch-2020-kommt-der-gro-e-durchbruch (Download: 21 February 2019); slightly modified

Trend IV: Data protection and digital ethics
Digital ethics and personal privacy are increasingly the focus of IT discussions and represent a challenge for people and organizations. People are concerned about how companies in the public and private sectors handle their data. Hospitals in particular must proactively address criticism and offer solutions to counteract complaints, lawsuits or penalties. NEXUS has already presented its first products (NEXUS / GDPR) to facilitate data protection and data security. We will maintain these topics in the focus of product development.

Trend V: New interaction possibilities in "Smart Spaces"
Smart spaces are understood to mean "intelligent rooms" in which – physically or digitally – people and technology-based systems interact in open, networked, coordinated and intelligent ecosystems. People, processes, services and things communicate in an "intelligence room" and create an immersive, interactive and automated experience for problem solving. This trend corresponds to approaches such as smart cities or smart homes. NEXUS sees here possibilities to provide rooms to hospital staff in which complex problems can be solved.

Trend VI: Legacy systems „Wrap & Trap" as a strategy
The further development and dissolution of monolithic legacy systems is also 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 digitalization. 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 VII: Virtual data Platforms and secondary data use
Today, there are a lot of data in hospitals, which are stored independently of the hospital information system (HIS) in different silos and different departments as well as different formats and databases. 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 data hub for all hospital processes and thus enable the flexible use of the data. We are especially working on further development of a diagnostic data platform, which provides the users with all patient-related diagnostic findings as raw data. Due to our wide diagnostic setup 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. Especially for studies, research and developments, medical data can be of great value. Secondary data use was discussed significantly more actively in 2019, even though data protection is a special challenge there.

Outlook:
Trend tracking is very important for us to check our development priorities regularly. In 2019, we once again see great opportunities in the trend 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. The same applies to the establishment of a virtual diagnostics data platform, which can be very significant as a complement to the HIS perspective on patients. We are pursuing visionary areas such as „Smart Spaces" and „Edge Computing" in individual prototypical development projects. With the NEXT GENERATION technology, we are already actively marketing the topics of „Mobile Computing", „Wrap & Trap" and „Data Protection and Digital Ethics".

Competitive Environment

The market for software systems in the medical area is still characterized by tough competition and strong supplier concentration. Consolidation within our industry did not progress further in 2018. We are only aware of some of a few smaller acquisitions in the European market. NEXUS is one of the active consolidators in the market. It is to be assumed that new competitors will enter the European market. Further changes are to be expected in the competitive environment as was the case previously. From our viewpoint, there are only few competitors on the European market in addition to NEXUS, which are considered to have long-term potential.

Trend of Business

Sales and Market Development
The positioning of NEXUS as a solution provider in the European healthcare is increasingly successful. Our successes, our company purchases and therefore the number of installations have led to a high level of recognition of the company. We also pursued further expansion of our European activities in 2018 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 2018. 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 are the products NEXUS / ESKULAP, NEXUS / ENDOSCOPY (E&L), CHILI PACS, NEXUS / GYNECOLOGICAL HOSPITAL and NEXUS / PEGASOS. Very significant increases in incoming orders could be recorded for all.

Production and Company Integration
The company divisions of NEXUS did not change in 2018. As previously, business is divided into independent business areas, which are responsible for their product and market activities within the context of Group planning.

In 2018, the central offices of Controlling, Compliance, Marketing and Development were expanded further within the Group.

A few changes were made to the investment structure in 2018:

+ NEXUS AG acquired 55.0 % of the shares of MedHub sp. z o.o., Poznan (Poland), on 9 January 2018. There is an option agreement for the remaining 45.0 % of the shares.
+ On 28 March 2018, NEXUS AG acquired the remaining 4.5 % shares from the existing option agreement in the existing subsidiary NEXUS / MARABU GmbH, Berlin (formerly Marabu EDV-Beratung und -Service GmbH, Berlin).
+ NEXUS entered into a put and call option agreement for 32.54 % of Chili GmbH, Dossenheim, on 28 March 2018.
+ NEXUS AG purchased the remaining 49.0 % of the shares in the already existing subsidiary ProLohn GmbH, Singen, on 23 April 2018. ProLohn GmbH, Singen, was merged with the merger agreement of 8 May 2018 with nexus / switspot GmbH, Neckarsulm, as of 1 January 2018.
+ With the assignment agreement dated 9 May 2018, NEXUS Medizinsoftware und Systeme AG, Altishofen, ceded all shares in NEXUS Schweiz GmbH, Altishofen, as of 1 January 2018 to Domis Consulting AG, Altishofen.
+ NEXUS Schweiz GmbH, Altishofen, as well as syseca informatik ag, Altishofen, were merged with the merger agreement dated 4 June 2018 into Domis Consulting AG, Altishofen, as of 1 January 2018. Domis Consulting AG, Altishofen, was renamed NEXUS Schweiz AG, Altishofen, on 21 June 2018.
+ NEXUS AG acquired 61.0 % of the shares of ASTRAIA Software GmbH, Munich, as of 5 June 2018. There is an option agreement for the remaining 39.0 % of the shares.
+ NEXUS AG acquired 80.0 % of the shares of Creativ Software AG, Widnau, on 13 June 2018. There is an option agreement for the remaining 20.0 % of the shares.
+ With the purchase agreement dated 11 October 2018, NEXUS AG acquired 100.0 % of the shares in Swisslab DITS GmbH, Berlin with effect from 30 November 2018.
+ NEXUS / INOVIT GmbH, Ismaning, was merged with the merger agreement of 20 November 2017 into NEXUS / DIS GmbH, Frankfurt/Main, on 1 January 2018.
+ Palladium-med GmbH, Berlin, was dissolved by shareholders‘ resolution from 18 December 2018 as of 31 December 2018.

Growth and Operating Result

The result of the year was pleasing overall. In line with the previous year‘s forecast, in which slightly increasing values were assumed for sales, earnings before income taxes as well as in the relative market position, increasing values could be achieved for all performance indicators. Revenue increased significantly from EUR 119.1 million to EUR 136.5 million in 2018, and earnings before taxes increased significantly from EUR 13.3 million to EUR 14.9 million. The market position of NEXUS AG has improved further thanks to the new orders, especially in Germany, the Netherlands, Switzerland and France – and also thanks to company acquisitions.

The sales focus of NEXUS in 2018 remained in the Healthcare Software Division. Compared to the previous year, the division again increased sales by approx. EUR 18.0 million to EUR 125.9 million. In the Healthcare Service Division, sales fell slightly from EUR 11.1 million to EUR 10.6 million.

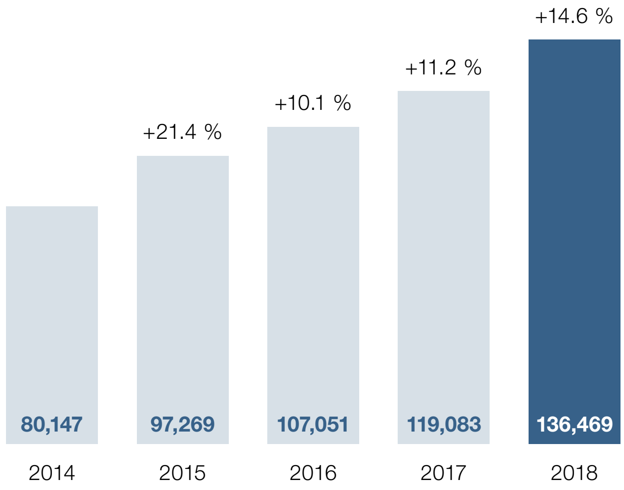
The international share of business was 46.0 % in 2018 (previous year: 44.4 %) of total business volume. Our activities in foreign countries are an essential component of our business. We invest considerably into development and production for foreign markets as well as consider possible company acquisitions to simplify entry into markets. International business is currently especially concentrated on the Swiss, Dutch, French, Austrian, Spanish and Polish markets.

Sales effects from exchange rate fluctuations compared to 31 December 2018 especially concerned Swiss francs. The average exchange rate of Swiss francs in 2018 was EUR 1.15 (previous year: EUR 1.11). The effect on sales of the exchange rate changes amounts to KEUR -1,064 in 2018 (previous year: KEUR -520).

Sales increased by approx. 11.4 % in Germany and reached KEUR 73,700 following KEUR 66,178. The main reasons were the new orders in Germany. Due to company acquisitions in the fiscal year, additional sales in the amount of KEUR 3,697 were achieved. The sales of NEXUS Group would have been correspondingly lower without the initial consolidation of these companies.

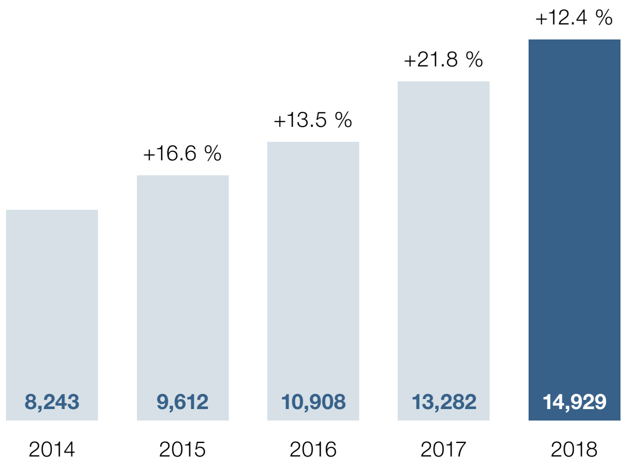
+14.6 % COMPARED TO PREVIOUS YEAR

Group sales in KEUR



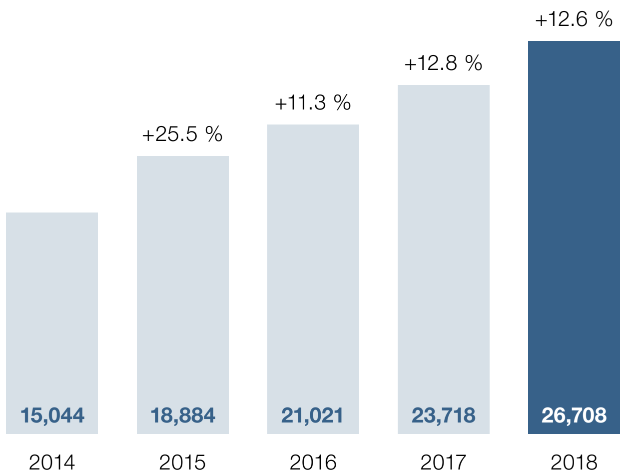
+12.4 % COMPARED TO PREVIOUS YEAR

Result before tax on income in KEUR



+12.6 % COMPARED TO PREVIOUS YEAR

EBITDA in KEUR



1280

640 employees in customer service, 226 in administration / sales and 414 in development

Our growth and revenue situations were steered based on the key figures in „sales", „result before taxes" and „relative market position" in the short-term income statement of the business areas.

Assets, Finances and Profit Situation

The NEXUS Group had substantially increased consolidated sales of KEUR 136,469 in 2018 following KEUR 119,083 in 2017. This represents an increase in sales of KEUR 17,386 (+14.6 %). The capitalized own contributions amounted to KEUR 4,130 (previous year: KEUR 5,058) in the fiscal year. The increase in personnel expenses from KEUR 67,549 to KEUR 76,392 (+13.1 %) resulted from the increased number of employees. Material expenses of KEUR 23,044 increased by 19.0 % compared to the previous year (KEUR 19,364). The EBITDA 2018 was KEUR 26,708 following KEUR 23,718 in 2017 (+12.6 %). The period result before taxes (EBT) for the year improved from KEUR 13,282 in the previous year to KEUR 14,929 (+12.4 %). There were write-offs in the amount of KEUR 11,527 (previous year: KEUR 10,402). This mainly concerns scheduled write-offs on capitalized development costs, technologies and customer relations. The first-time consolidation of the acquired companies in fiscal year resulted in a net increase in EBT of KEUR 2,063.

The Group annual surplus increased compared to the previous year (KEUR 10,156) to KEUR 10,996 (+8.3 %). This increase is due to significantly higher revenues and the resulting economies of scale. The higher tax rate had a negative impact, which increased from 23.5 % to 26.3 %.

The results within the areas evolved very differently. The Healthcare Software Division increased earnings very significantly before interest and tax (EBIT) of KEUR 13,930 after an EBIT of KEUR 12,030 in the previous year (+15.8 %) and consequently achieved the previous year's forecast (significantly increasing values of sales and earnings before taxes as well as slight improvements in the relative market position). The Healthcare Service Division achieved a result before taxes and interest in the amount of KEUR 1,251 (2017: KEUR 1,289; -3.0 %). Sales and pre-tax earnings have declined slightly due to project delays as well as the overarching topics "GDPR" and "staff procurement problems" and therefore did not reach the previous year's forecast. The area was consolidated and reoriented in terms of content during 2018.

Goodwill and brands with unlimited utilization periods in the amount of KEUR 82,229 (previous year: KEUR 60,475) 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 29,842 (previous year adjusted: KEUR 35,804), 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 2018. Intangible assets including goodwill currently amount to KEUR 112,071 (previous year: KEUR 85,118) and thus represent 52.9 % (previous year: 56.3 %) of the balance sheet total.

Short-term financial assets decreased by KEUR 1,849 to KEUR 1,586 compared to the previous year.

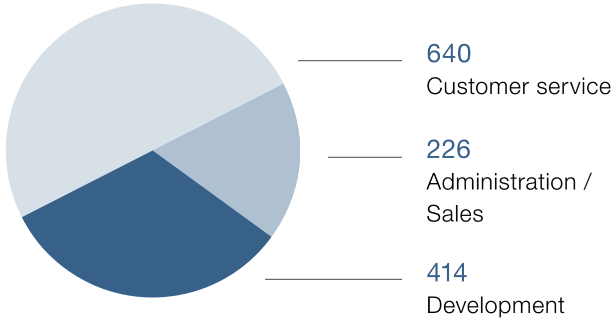
The equity capital of NEXUS Group was KEUR 108,325 on the cut-off date following KEUR 103,009 in the previous year, which corresponds to an equity capital rate of 51.2 % (previous year: 68.1 %). A dividend of 16 cents per share (EUR 2,518,907.68) was paid to stockholders in 2018.

The contractual liabilities in accordance with IFRS 15 amounting to KEUR 5,399 (1 January 2018 in accordance with IFRS 15: KEUR 6,290) relate essentially to the down payments received from customers for software projects.

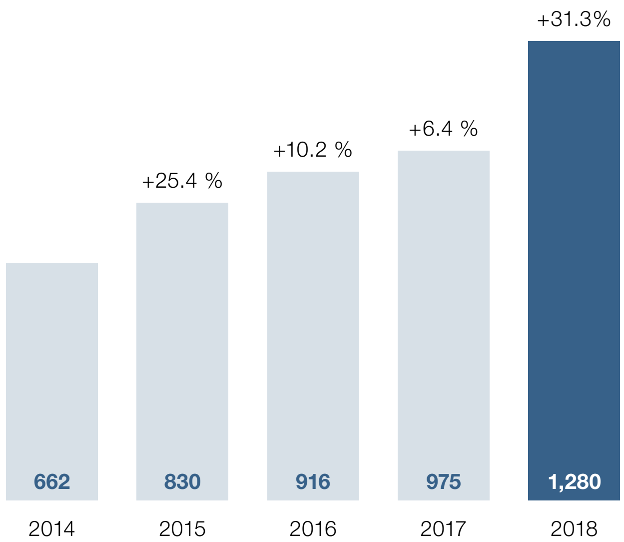
The amount of cash assets plus securities held as liquidity reserves was KEUR 27,016 as of 31 December 2018 (previous year: KEUR 28,385). This corresponds to 12.8 % (previous year: 18.8 %) of the balance sheet total. Receivables from goods and services increased by 19.8 % due to the greatly increased business volume and amounted to KEUR 25,980 on 31 December 2018 following KEUR 21,686 in the previous year. In addition, deferred expenses and accrued income exist in the amount of KEUR 1,399 (previous year: KEUR 1,429).

TOTAL OF 1,280 EMPLOYEES

Staff structure incl. Executive Board

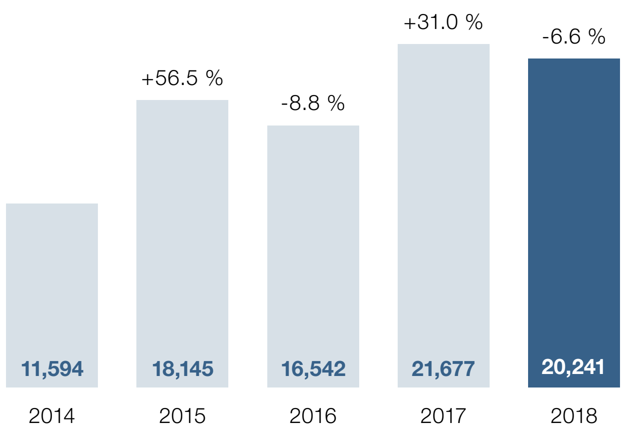


NUMBER OF EMPLOYEES



CASH FLOW

from current business transactions in KEUR



The inflow and outflow of funds is shown in the cash flow statement. In 2018, cash flow from operating activities amounted to KEUR 20,241, slightly below the cash flow of the previous year (KEUR 21,677) (-6.6 %). Due to the higher receivables, the strong previous year's cash flow could not be fully maintained. Cash outflow from investing activities amounted to KEUR -18,743 (previous year: KEUR -9,416) 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 -2,859 (previous year: KEUR -2,133) and includes above all dividend payments, deposits and payments for the sale and purchase of own shares.

A total of KEUR 7,351 (previous year: KEUR 7,768) was invested in the Healthcare Software Division and KEUR 303 (previous year: KEUR 320) in the Healthcare Service Division. The companies NEXUS POLSKA sp. z o.o., ASTRAIA Software GmbH, Creativ Software AG and Swisslab DITS GmbH acquired in the 2018 financial year were assigned to the Healthcare Software division.

Investments / Acquisitions

In addition to the company's shareholdings presented in the „Product and Company Integration" section, approximately KEUR 977 was invested in the construction of IT data centers at the company's locations in Donaueschingen and Frankfurt am Main in 2018.

Other Financial Obligations

The Group has mainly concluded leasing agreements for operation and business facilities (incl. the 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 Finance Management

NEXUS finance 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 51.2 % equity capital and 31.2 % short-term liabilities. This essentially concerns financial liabilities, payables for goods and services, contract liabilities and other financial debts. The Group is mainly financed centrally via NEXUS AG to manage liquidity.

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 earnings before taxes decreased slightly in the Healthcare Service Division. The non-financial performance indicator „relative market position" increased slightly in each case.

Course of Business of the Company Divisions

Healthcare Software Division:
Growth and Innovation

The Healthcare Software Division provides software products, which we created, on national and international markets for institutions in the healthcare sector. This division achieved (external) sales of KEUR 125,904 in 2018 following KEUR 107,954 in the previous year. This represents an increase of 16.6 %. In particular, the demand for new products and other services in the field of clinical information systems (NEXUS / HIS) and diagnostic information systems (NEXUS / DIS) produced this growth.

Healthcare Service Division:
Consolidation and reorientation

The Healthcare Service Division provides IT outsourcing services for institutions in the healthcare system in Germany. This division achieved (external) sales of KEUR 10,565 in 2018 following KEUR 11,129 in the 2017 (-5.1 %). In the reporting year, the division had to deal with organizational and project problems which resulted in project delays. The overlapping topics „GDPR" and „problems in staff recruitment" are particularly burdensome in this area. The area was consolidated and reoriented in terms of content during the reporting year.

Staff

The development of personnel is especially significant in the market of hospital information systems. In this area dependent on knowledge, in which medical knowledge is combined with informatics to create customer-oriented solutions, the success of development projects often depends on the knowledge and education of individuals. Consequently, NEXUS puts a great deal of value on efficient management of human resources. The number of employees and their structure at NEXUS has again increased due to new hiring and company acquisitions. While there were 975 employees in the previous year, 1,280 people were employed in the NEXUS Group 2018.

General Statement about the Condition of the Group

NEXUS developed positively with respect to all performance indicators in 2018. NEXUS has an attractive product program, a good market position in its core markets and stable customer relationships. Further growth can be achieved though self-financing.

Chances and Risks Report

The business operations of NEXUS Group is connected with risks and chances. NEXUS AG has introduced a risk control and monitoring system for early detection, valuation and correct handling of chances 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.

NEXUS IN FIGURES 2018

EVERYTHING AT A GLANCE

26.708
EBITDA in KEUR

NEXUS employs
1.280
PEOPLE

136.469
SALES in KEUR

414
DEVELOPERS work with NEXUS solutions

14.929
EBT in KEUR

ONE NEXUS

3.680
CUSTOMERS work on NEUXS Software

20.241
KEUR **OPERATIVE CASH FLOW**

Investments
22.688
KEUR in **NEW DEVELOPMENTS**

In addition, NEXUS Group 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.

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. The following chance and risk fields are monitored correspondingly by a management team:

+ Customer projects
+ Development projects
+ Lack of market acceptance of products
+ Loss of staff with know-how
+ Process risks
+ Development of subsidiaries and holding companies
+ IT security and availability
+ Reputation
+ Regulatory risks
+ Fraud risk
+ Data security and data protection

Reporting, documentation and development of measures are regulated in the risk manual of NEXUS AG. The Executive Board checks its implementation at regular intervals. Five risk sheets were reported to the Executive Board from the offices responsible for them in 2018, 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 salary and wage settlement process is conducted mostly centrally in Donaueschingen for domestic companies and monitored by independent offices.

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.

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

Risks and Chances

Market and Industry Risks

There are decisive risks and chances, which could entail a considerable change of the economic situation at NEXUS, in the market and industry environment. NEXUS Group earns its sales revenues mainly from the sale of software licenses and services for the healthcare system in Germany, Switzerland, Austria, the Netherlands, France, Poland and Spain. The present future overall economic environment is stable and the public budgets are not strained, particularly in Germany. In many European public budgets will be discussed further budget cuts, which also have an impact on the financing of public investment. In the European countries, this includes the healthcare system and in particular hospitals.

Gartner has forecast growth of 3.2 % for global IT expenditures in 2019. 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 health information technology. 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 health and care 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 business software. This provides considerable chances for NEXUS to achieve above-average growth.

Our current technology and market position opens 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 ou applicative separation between a hospital and a diagnostic system is gaining 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, Dutch and Polish markets, in which the NEXUS Group was able to win important orders with the 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 as well as with an international presence will not be successful. Due to progressing consolidation, the possibility of a takeover by a competitor also continues to exist.

Strategic Risks

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

Marketing and Sales Risks

NEXUS cultivates the different markets with different sales models. Marketing is very demanding due to the complexity of the products. The loss of partners, employees or sales intermediaries are risks, which could influence the revenue situation. An important factor for the further economic development of NEXUS AG and its subsidiaries is the capability to increase maintenance and service revenues further in addition to expanding the installed software base. As a prerequisite to this, expiring maintenance and service contracts have to be renewed in a sufficient scope. Revenue quality can improve further with increased share of maintenance contracts and revenues from partner transactions.

Project Risks

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. 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). 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. Risks from fluctuations of payment flows do not exist at this time due to the existing liquidity reserves and the increasingly smooth payment flows.

Product Risks

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 Group faces these risks with annual, quality-checked releases, which go through a pre-defined quality management process.

Staff Risks

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.

Legal Risks

Significant legal risks are not known at this time.

Risk Reporting with respect to the Use of Financial Instruments and Financial Risks

Financial instruments are essential composed of accounts receivables and payables. Because the customers of NEXUS Group are mainly in public hands, the default risk for accounts receivable is to be considered slight.

NEXUS has substantial intangible assets in the form of concessions/patents (KEUR 1,070; previous year: KEUR 732), goodwill (KEUR 73,462; previous year: KEUR 49,314), technology and customer relations (KEUR 13,313; previous year: KEUR 9,394), brands (KEUR 8,767; previous year: KEUR 8,749) and development costs (KEUR 15,459; previous year: KEUR 16,929), which are capitalized in the balance sheet. On the balance sheet cut-off date, the value of the goodwill and brands was checked based on the DCF (discounted cash flow) method. Based on the expectation for positive results in the future, there is no need for devaluation. If the assumptions do not become reality in the future, there could be a need for devaluation of the goodwill and also of the other intangible assets.

NEXUS AG and its subsidiaries have capitalized deferred taxes from losses carried forward as previously. If it is no longer to be expected that profits can be earned to use the losses carried forward, the valuation would have to be completely or partially reduced. If tax laws change concerning handling of losses, it could become necessary to reduce the capitalized deferred taxes completely or partially.

NEXUS has financial securities, which are subject to the interest rate risks and currency risks and therefore are closely monitored. Rate and financial loss risks continue to exist for fixed interest securities due to the volatile markets, which are observed and valuated. The Group has substantial liquid funds in Swiss francs, which are subject to exchange rate risks. Exchange rate risks are also created especially by sales made in Switzerland (Swiss francs) and the resultant receivables, which are subject to exchange rate fluctuations until payment. Payments received in Swiss francs are offset to a great extent by payouts out in Swiss francs, so that the currency risk is reduced here overall. A hedging relation did not exist on the balance sheet cut-off date. Liquidity risks do not exist due to the liquidity reserves and the increasingly smooth payment flows.

The Executive Board of NEXUS AG monitors decisions about the use and risks from the use of financial instruments.

The Group strives to have sufficient means of payment and equivalents for this or have corresponding irrevocable credit lines to fulfill its obligations over the coming years. In addition, the company has authorized capital available for further capital increases.

Effects can result from changes to factors relevant to contracts from conditional purchase prices within the context of company acquisitions.

Internal Monitoring System and Risk Management System with respect to the Group Accounting Process

The internal monitoring and risk management system has the objective with respect to the accounting process to ensure the appropriateness and effectiveness of accounting and financial reporting Group-wide. On-going accounting of domestic subsidiaries is managed decentrally, while the customary year-end reports are mainly composed centrally. Foreign companies draw up local year-end reports, which are checked based on legal regulations or importance voluntarily. The Group year-end report as well as the required adaptations of individual domestic and foreign year-end reports to the International Financial Reporting Standards, as they are to be applied in the EU as mandatory, are done 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 dual-check principle is maintained on principle.

Information Relevant to Acquisitions

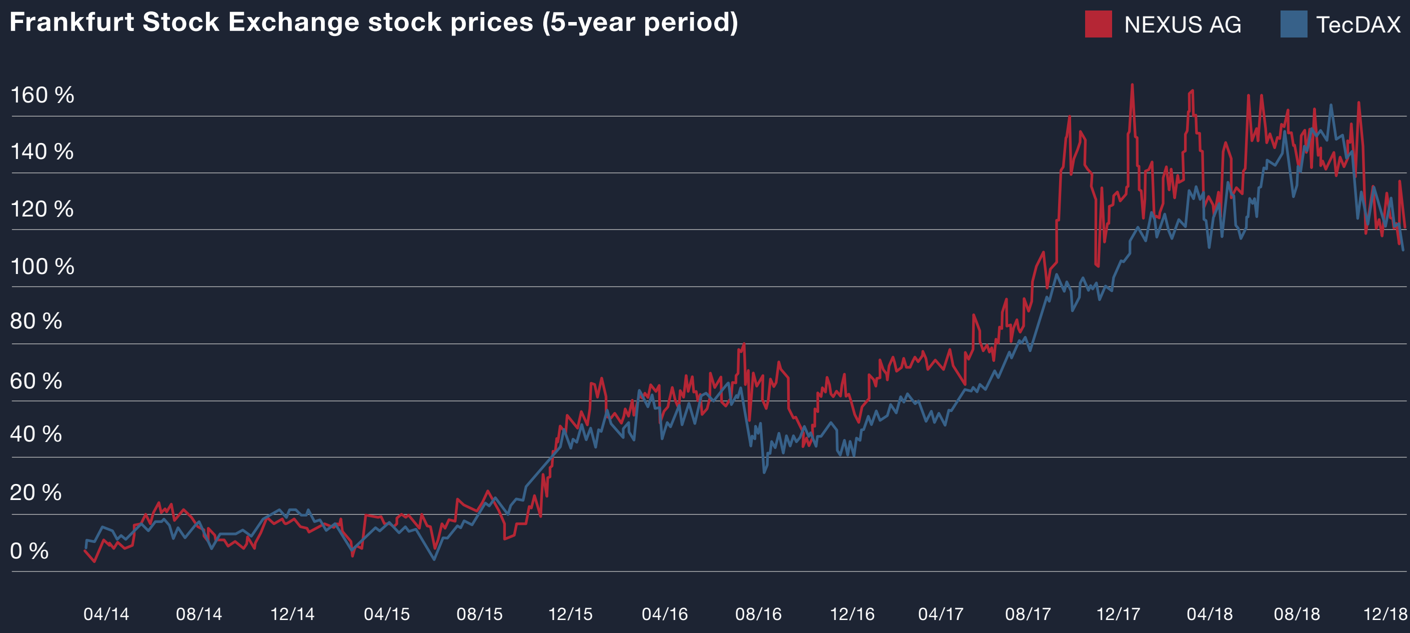
Composition of Equity Capital and Securities Market Listing

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 15,712,846 shares have been issued as of the cut-off date.

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 EUR 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 17 with the consent of the Supervisory Board of the same day, to increase the company's share capital against cash contributions to the exclusion of shareholders' subscription rights – in favor of the employees of NEXUS AG and affiliated companies of NEXUS AG – by up to EUR 25,000.00 from EUR 15,735,665.00 to EUR 15,760,665.00 by issuing up to 25,000 new no-par value bearer shares with a proportionate share in the company's share capital at EUR 1.00 each and with dividend entitlement as of 1 January 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.

STOCK MARKET, EVENT AND FINANCIAL DATA

Frankfurt Stock Exchange stock prices (5-year period)



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 one-on-one meetings and on roadshows. Our Investor Relations team is of course at your disposal as contact persons.

03 May 2019
Annual Stockholders Meeting 2019, Donaueschingen

07 May 2019
Quarterly Report Q1 / 2019

13 August 2019
Semi-Annual Report 2019

5 November 2019
Quarterly Report Q3 / 2019

25–27 November 2019
Analyst Event, Frankfurt

Stock Market Prices (closing prices in Frankfurt)

	2018	2017	2016	2015
Highest	29.30	29.26	19.22	18.99
Lowest	22.30	17.49	15.10	11.71
Stock Market Capitalization (business year in millions of euros)	385.09	406.6	277.9	294.3
Result per share (diluted) in EUR	0.69	0.62	0.52	0.48

DIVIDENDS

We are convinced that our shareholders should be appropriately involved in the 2018 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., EUR 0.17 (2017: EUR 0.16).

Restrictions of the Stocks
There are no restrictions affecting voting rights or transfer of stocks that we are aware of.

Direct or Indirect Shares of Capital
We have not received any notice of direct and indirect shares in capital exceeding 10 of one-hundredth of the voting rights.

Stockholders with Special Rights
There are no stockholders with special rights that grant control rights.

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 under the authorization 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.

It is also empowered to offer the stocks purchased based on the granted empowerment 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.

NEXUS AG started a stock buyback program in 2016. With the consent of the Supervisory Board, the Executive Board of NEXUS AG resolved to exercise the authorization of 25 October 2016 to purchase up to 200,000 of its own shares (representing 1.27 % of share capital) of the company pursuant to Section 71 para. 1, No. 8 of the Stock Corporation Act (AktG). The authorization is restricted to the time period until 30 April 2020 and limited to 10 % of the equity capital. From this share buy-back program, 78,956 (previous year: 26,377) own shares were purchased (= EUR 78,956 share capital; previous year: EUR 26,377) by 31 December 2018. This corresponds to share of capital stock of 0.5 % (previous year: 0.1 %).

A total of 78,956 shares were purchased valued at an average price of EUR 23.79 as of 31 December 2018.

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 para. 1 and 2, 186 para. 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 para. 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 para. 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.

Essential Agreements, Which Are Subject to a Control Change due to a Takeover Offer
There are no essential agreements of the company, which are subject to a control change due to a takeover offer.

Compensation agreements
Compensation agreements of the company, which have been concluded with the members of the Executive Board or employees in the case of a takeover offer, do not exist.

Main Features of the Remuneration System for the Executive Board

The Supervisory Board of NEXUS AG sets the structure and amount of remuneration to 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 as well as success-dependent components. Criteria for determining 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. In addition, the Group maintains a pecuniary loss insurance policy for its executive body members (i.e., a directors’ and officers’ liability insurance policy).

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. For the employee pension scheme, the Group also makes payments into a life insurance policy and a pension fund.

The success-independent components include an annually recurring component linked to company success and a component with a long-term stimulus effect and risk character in the form of a bonus. The annually recurring components are oriented to the EBIT of the NEXUS Group. The component with long-term incentive effect is linked to the development of the company result (EBITDA) over three years (2018-2020). The use of this bonus can be either in the form of a cash payment or through the issue of shares of the NEXUS AG.

The following persons were on the Executive Board as of 31 December 2018:

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

Remuneration Report

Stock-based compensation was 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 (AOP 2015-2017). The adjusted future value was KEUR 788 at the time of granting. As of 31 December 2017, the Executive Board had a right to 160,000 shares of stock due to increase in the company's value. Since these are to be paid from own shares, which are still to be repurchased, the entitlements were deferred.

In January and May 2018 new contracts were concluded with the Executive Board, which are composed of fixed remuneration as well as a short-term and long-term variable compensation for the years 2018-2020.

There are no promises concerning compensation to Executive Board members in the case of leaving the board prematurely.

Compensation of the Executive Board is as follows:

Inflow (in KEUR)	Dr. Ingo Behrendt Chief Executive Officer				Ralf Heilig Chief Sales and Marketing Officer				Edgar Kuner Chief Development Officer			
	2017	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)
Fixed remuneration	307	322	322	322	170	180	180	180	160	170	170	170
Incidental benefits	12	12	12	12	14	14	14	14	9	9	9	9
Total	**319**	**334**	**334**	**334**	**184**	**194**	**194**	**194**	**169**	**179**	**179**	**179**
Annual variable remuneration	250	250	0	250	80	80	0	80	70	70	0	70
Multi-annual variable remuneration LIP 2015-2017 [1]	0	245	0	0	0	245	0	0	0	245	0	0
Total	**250**	**495**	**0**	**250**	**80**	**325**	**0**	**80**	**70**	**315**	**0**	**70**
Pension costs	18	18	18	18	6	6	6	6	0	0	0	0
Total compensation	**587**	**847**	**352**	**602**	**270**	**525**	**200**	**280**	**239**	**494**	**179**	**249**

[1] On 6 March 2018, each member of Executive Board was issued 10,000 shares from own shares of NEXUS AG.

Grants in 2018 (in KEUR)	Dr. Ingo Behrendt Chief Executive Officer				Ralf Heilig Chief Sales and Marketing Officer				Edgar Kuner Chief Development Officer			
	2017	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)	2017	2018	2018 (Min)	2018 (Max)
Fixed remuneration	307	322	322	322	170	180	180	180	160	170	170	170
Incidental benefits	12	12	12	12	14	14	14	14	9	9	9	9
Total	**319**	**334**	**334**	**334**	**184**	**194**	**194**	**194**	**169**	**179**	**179**	**179**
Annual variable remuneration	250	260	0	260	80	80	0	80	70	80	0	80
Multi-annual variable remuneration LIP 2018-2020	0	101	0	0	0	45	0	0	0	45	0	0
Total	**250**	**361**	**0**	**260**	**80**	**125**	**0**	**80**	**70**	**125**	**0**	**80**
Pension costs	18	18	18	18	6	6	6	6	0	0	0	0
Total compensation	**587**	**713**	**352**	**612**	**270**	**325**	**200**	**280**	**239**	**304**	**179**	**259**

Compensation of the 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, Hofheim; Deputy Chairperson
+ MBA (FH) Wolfgang Dörflinger, Constance
+ Prof. Dr. Alexander Pocsay, St. Ingbert
+ Gerald Glasauer, Business Economist, Obersulm
+ Prof. Dr. med. Felicia M. Rosenthal, Freiburg

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 2018, the expenses for such service fees amounted to KEUR 121 (previous year: KEUR 72). In addition, the Group maintains a pecuniary loss insurance policy for its executive body members (i.e., a directors' and officers' liability insurance policy).

(Group-) Declaration about Company Management as well as Compliance Statement

The (group-) declaration about company management as well as compliance statement according to Section 161 of the German Stock Corporation Law (AktG) have been published at the company website at www.nexus-ag.de – Investor Relations – Corporate Governance.

Separate Non-Financial (Group-) Report

The Separate Non-Financial (Group-) Report 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 www.nexus-ag.de – Investor Relations – Gesonderter nichtfinanzieller (Konzern-) Bericht.

Summarized Depiction of the Chance and Risk Situation of NEXUS Group

NEXUS AG as well as all subsidiaries work according to a uniform method of chance/risk analysis and chance/risk management. Early detection of risks is given decisive importance in this. 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 sees considerable chances to expand sales in the market segment of the NEXUS Group.

Forecast Report 2019

The health sector in many countries is undergoing a basic digital transformation phase. This topic has a high economic and political importance in most European countries. The awareness that Europe is lagging behind other regions is increasing in public perception. Therefore, increase budgets for IT and far-reaching and 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 digitalization 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 a faster change. In particular, the patients are demands 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.

NEXUS is optimistic despite this mixed initial situation for 2019. 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. We want to continue this development in 2019. The introduction of our NEXUS / NEXT GENERATION software as well as the integration of recent acquisitions make us optimistic about the next year. We estimate the costs of integration to be significantly less than the expected synergies of collaboration in 2019.

In consideration of the companies already newly acquired in 2018, we expect significant increases of sales in the segment "Healthcare Software" and decreased sales in the area of "Healthcare Service" due to a strategy change in our planning for the NEXUS Group. Overall, we see a continuation of slightly increasing values in all financial performance indicators for 2019. This applies to sales and earnings before taxes. A slight improvement in the relative market position in the relevant markets is part of this. The planning takes into account further investments in internationalization as well as an expansion of our product range. If significant changes occur in the consolidated Group in 2019, this can result in a change in planning.

NEXUS AG
Donaueschingen, 4 March 2019

The Executive Board

Dr. Ingo Behrendt
Ralf Heilig
Edgar Kuner


ONE / NEXUS
Digitalization of endoscopic diagnostics
Endoscopy (E&L)
Terminology
A
B
C
AEMP for endoscopes
PACS (CHILI)
Device connection (Integrationserver)
NEXUS / ENDOSCOPY[NG] (E&L) is already the market-leading software solution today thanks to intelligent diagnosis, automatic endoscope detection and washing machine integration. Within the framework of ONE / NEXUS, we extend the range with further process innovations such as CHILI PACS[NG] for qualified image analysis and new terminology integration.
ONE
NEXUS

CONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2018 AND 31 DECEMBER 2017

ASSETS	Appendix	31/12/2018	31/12/2017
LONG-TERM ASSETS		**KEUR**	**KEUR**
Goodwill	4	73,462	49,314
Other intangible assets	4	38,609	35,804
Fixed (Intangible) assets	5	10,378	9,407
Shares in companies valuated at equity	6	26	31
Deferred tax assets	8/25	3,860	2,169
Other financial assets	10	156	225
Total of Long-Term Assets		**126,491**	**96,950**
SHORT-TERM ASSETS			
Inventories	7	536	574
Trade receivables and other receivables	9	25,980	21,686
Contract assets	9	1,007	-
Receivables from tax on profits		1,511	783
Other non-financial assets	11	1,918	2,196
Other financial assets	10	27,249	705
Short-term financial assets	10	1,586	1,849
Cash and balance in bank		25,430	26,536
Total of Short-Term Assets		**85,217**	**54,329**
Balance Sheet Total		**211,708**	**151,279**

EQUITY AND LIABILITIES	Appendix	31/12/2018	31/12/2017
EQUITY CAPITAL	**12**	**KEUR**	**KEUR**
Subscribed capital		15,752	15,752
Capital reserves		34,166	34,953
Retained earnings		52,182	48,202
Consolidated surplus		10,921	9,832
Other cumulated Group result		-4,640	-6,204
Own shares		-759	-419
Equity capital attributable to stockholders of the parent company		**107,622**	**102,116**
Shares of non-controlling partners		703	893
Total Equity Capital		**108,325**	**103,009**
LONG-TERM DEBTS			
Pension obligations	13	10,838	10,515
Deferred tax liabilities	8/25	7,219	6,236
Other financial debts	15	19,358	5,148
Total of Long-Term Debts		**37,415**	**21,899**
SHORT-TERM DEBTS			
Accruals	14	13,128	2,240
Financial liabilities	15	9,000	0
Trade accounts payable	15	7,070	5,607
Liabilities from tax on profit	15	1,615	1,126
Deferred revenue	15	4,660	2,391
Other non-financial debts	15	3,111	7,625
Contract liabilities	15	5,399	-
Other financial debts	15	21,985	7,382
Total of Short-Term Debts		**65,968**	**26,371**
Balance Sheet Total		**211,708**	**151,279**

GROUP PROFIT AND LOSS ACCOUNT FROM 1 JANUARY TO 31 DECEMBER 2018 AND 2017

	Appendix	2018	2017
		KEUR	KEUR
Revenue	17	136,469	119,083
Development work capitalized		4,130	5,058
Other operating income	18	4,783	2,560
Cost of materials including purchased services	19	23,044	19,364
Personnel costs	20	76,392	67,549
Depreciation		11,527	10,402
Other operating expenses	21	19,238	16,067
OPERATING RESULT		**15,181**	**13,319**
Result from investments valuated at equity	22	0	-3
Finance Income	23	38	77
Finance Expenses	24	290	111
RESULT BEFORE TAX ON PROFIT		**14,929**	**13,282**
Taxes on profit	25	3,933	3,126
CONSOLIDATED SURPLUS		**10,996**	**10,156**
of the consolidated surplus, accounted to:			
- Stockholders of NEXUS AG		10,921	9,832
- Shares of non-controlling partners		75	324
CONSOLIDATED NET EARNINGS PER SHARE			
Weighted average (undiluted/diluted) of issued shares in circulation (in thousands)		15,733 / 15,733	15,719 / 15,879
Undiluted / diluted	26	0.69 / 0.69	0.63 / 0.62

GROUP STATEMENT OF COMPREHENSIVE INCOME FROM 1 JANUARY 2018 TO 31 DECEMBER 2018 AND 2017

	2018	2017
	KEUR	KEUR
Consolidated surplus	**10,996**	**10,156**
OTHER COMPREHENSIVE INCOME		
POSITIONS, WHICH ARE NEVER RECLASSIFIED IN PROFIT OR LOSS		
Actuarial profits and losses	1,422	554
Tax effects	-247	-157
POSITIONS, WHICH WERE NEVER OR NEVER CAN BE RECLASSIFIED IN PROFIT OR LOSS		
Currency conversion differences	401	-1,868
Other comprehensive income after taxes	**1,576**	**-1,471**
OVERALL RESULT OF THE PERIOD	**12,572**	**8,685**
of the overall result of the period, accounted to:		
- Stockholders of NEXUS AG	12,485	8,383
- Shares of non-controlling partners	87	302

CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY TO 31 DECEMBER 2018 AND 2017

	Appendix	2018	2017
1. CASH FLOW FROM CURRENT BUSINESS TRANSACTIONS	**28**	**KEUR**	**KEUR**
Group annual result before tax on income		14,929	13,282
Write-offs (+) / write-ups (-) on intangible assets, tangible assets and financial assets	4/5	11,527	10,402
Other expenses not affecting payment (+) / revenue (-)		1,085	-3,512
Increase (-) / decrease (+) in inventories	7	658	642
Gain (-) / loss (+) on disposal of fixed assets and securities		-79	161
Increase (-) / decrease (+) in receivables and other assets from operating activities		-1,104	2,062
Increase (+) / decrease (-) of accruals insofar as not entered in other comprehensive income	13/14	-2,550	-488
Increase (+) / decrease (-) in liabilities from operating activities		-381	1,114
Paid interest (-)		-95	-61
Received interest (+)		38	77
Taxes on profit paid (-)		-4,327	-2,020
Taxes on profit received (+)		540	18
		20,241	**21,677**
2. CASH FLOW FROM INVESTMENT ACTIVITIES	**29**		
Payments (-) for investments in intangible and fixed assets	4/5	-7,654	-8,088
Payments (-) for the acquisition of companies consolidated minus cash acquired	3	-9,510	-2,405
Payments (-) for the acquisition of non-controlling interests for already consolidated companies		-1,579	0
Payments (-) / receipts (+) from the acquisition/disposal of short-term financial assets	33	0	1,077
		-18,743	**-9,416**
3. CASH FLOW FROM FINANCING ACTIVITIES	**30**		
Receipts (+) from the issue of new shares in a capital increase		0	400
Dividends paid (-)		-2,519	-2,358
Payments (-) for the acquisiton of own shares		-1,345	-239
Receipts (+) from the sale of own shares		1,005	64
		-2,859	**-2,133**
Cash relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)		-1,361	10,128
Exchange rate changes on cash and cash equivalents		255	485
Cash and cash equivalents at beginning of period		26,536	15,923
Cash and cash equivalents at end of period		**25,430**	**26,536**
COMPOSITION OF CASH AND CASH EQUIVALENTS			
Liquid funds		25,430	26,536
Bank liabilities due on demand		0	0
		25,430	**26,536**

OUR BIGGEST SITES

IN GERMANY, AUSTRIA, SWITZERLAND, FRANCE, SPAIN, THE NETHERLANDS AND POLAND

GROUP STATEMENT OF CHANGES IN EQUITY FROM 1 JANUARY 2018 TO 31 DECEMBER 2018

	Subscribed capital	Capital reserves	Retained earnings	Annual net profit
	KEUR	KEUR	KEUR	KEUR
CONSOLIDATED EQUITY AS OF 1 JANUARY 2017	**15,736**	**34,307**	**42,414**	**8,146**
Posting of consolidated surplus 2016 in the Group profit carried forward			8,146	-8,146
Actuarial profits and losses				
Deferred taxes entered in other comprehensive income				
Currency differences				
OTHER COMPREHENSIVE INCOME AFTER TAXES	**0**	**0**	**0**	**0**
Consolidated surplus 2017				9,832
OVERALL RESULT OF THE PERIOD	**0**	**0**	**0**	**9,832**
Dividend payment			-2,358	
Purchase of own shares				
Sale of own shares				
Increase of capital stock	16	384		
New minority interests				
Stock-based payment		262		
CONSOLIDATED EQUITY AS OF 31 DECEMBER 2017	**15,752**	**34,953**	**48,202**	**9,832**
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				
Sale of own shares				
New minority interests			-3,236	
Share-Based Payment		-787		
CONSOLIDATED EQUITY AS OF 31 DECEMBER 2018	**15,752**	**34,166**	**52,182**	**10,921**

Equity capital difference from currency conversion	Pension reserves	Own shares	Equity capital attributable to stockholders of the parent company	Shares of non-controlling partners	Equity capital total	Authorized Capital
KEUR	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
2,827	**-7,582**	**-244**	**95,604**	**198**	**95,802**	**3,000**
			0		0	
	549		549	5	554	
	-156		-156	-1	-157	
-1,938	96		-1,842	-26	-1,868	
-1,938	**489**	**0**	**-1,449**	**-22**	**-1,471**	**0**
			9,832	324	10,156	
-1,938	**489**	**0**	**8,383**	**302**	**8,685**	**0**
			-2,358		-2,358	
		-239	-239		-239	
		64	64		64	
			400		400	-16
			0	393	393	
			262		262	
889	**-7,093**	**-419**	**102,116**	**893**	**103,009**	**2,984**
889	**-7,093**	**-419**	**102,116**	**893**	**103,009**	**2,984**
			-103	0	-103	
			6	0	6	
889	**-7,093**	**-419**	**102,019**	**893**	**102,912**	**2,984**
			0		0	
	1,421		1,421	1	1,422	
	-247		-247	0	-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	0	1,005	
			-3,236	-277	-3,513	
		0	-787		-787	
1,131	**-5,771**	**-759**	**107,622**	**703**	**108,325**	**2,984**


TREND TABLE
LARGE NUMERICS
ALARM HISTORY
03-09-2017
14:26
79
112
64
(74)
100

ONE / NEXUS
Digitalization of all cardiological processes
Cardiology (E&L)
Cardiac Catheter
A
B
C
Terminology
PACS (CHILI)
Device connection (Integrationserver)
The cardiovascular information system from E&L is known for its strong cardiology and cardiac catheter diagnosis. Diagnoses can be produced in the shortest possible time both graphically and in standardized text. Within the framework of ONE / NEXUS, we go a step further and enhance the solution with functionalities such as image diagnosis (CHILI PACS^{NG}) and device integration (NEXUS / Integrationserver).
ONE
NEXUS

Group Appendix for the Business Year 2018

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 Group Financial Report was drawn up by the Executive Board and approved for forwarding to the Supervisory Board on 4 March 2019. Publication is after checking and approving by the Supervisory Board on 5 March 2019.

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

List of consolidated subsidiaries, joint ventures and affiliated companies		31/12/2018	31/12/2017
Full consolidation	**Country**	**Capital share in %**	
NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H., Vienna	Austria	100.00	100.00
NEXUS / Deutschland GmbH, Donaueschingen [1)]	Germany	100.00	100.00
NEXUS . IT GmbH SÜDOST, Singen Hohentwiel	Germany	50.20	50.20
NEXUS / CLOUD IT GmbH, Donaueschingen (previously: NEXUS/cms GmbH, Donaueschingen) [1)]	Germany	100.00	100.00
NEXUS Medizinsoftware und Systeme AG, Altishofen	Switzerland	100.00	100.00
syseca informatik ag, Lucerne [2)]	Switzerland	-	100.00
NEXUS / INOVIT GmbH, Ismaning [3)]	Germany	-	100.00
NEXUS / CIS GmbH, Donaueschingen [1)]	Germany	100.00	100.00
NEXUS / DIS GmbH, Frankfurt am Main [1)]	Germany	100.00	100.00
NEXUS Schweiz GmbH, Schwerzenbach [2); 4)]	Switzerland	-	100.00
NEXUS / QM GmbH, Singen [1)]	Germany	100.00	100.00
NEXUS / REHA GmbH, Donaueschingen	Germany	100.00	100.00

Continuation on next page

Continuation:

List of consolidated subsidiaries, joint ventures and affiliated companies		31/12/2018	31/12/2017
Full consolidation	**Country**	**Capital share in %**	
NEXUS / CSO GmbH, Donaueschingen [1]	Germany	100.00	100.00
VEGA Software GmbH, Frankfurt am Main	Germany	100.00	100.00
NEXUS Schweiz AG, Altishofen (formerly: Domis Consulting AG, Altishofen) [5]	Switzerland	100.00	100.00
Synergetics AG, Altishofen [6]	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 (formerly: ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH, Donaueschingen) [7]	Germany	100.00	100.00
ProLohn GmbH, Singen [8]	Germany	-	51.00
NEXUS / MARABU GmbH, Berlin (formerly Marabu EDV-Beratung und -Service GmbH, Berlin) [9]	Germany	100.00	100.00
CS3I S.A.S., Creuzier-le-Neuf [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 [11]	Spain	100.00	100.00
IBH Datentechnik GmbH, Kassel	Germany	100.00	100.00
CHILI GmbH, Dossenheim [12]	Germany	83.73	51.19
highsystem ag, Zürich [13]	Switzerland	95.00	95.00
NEXUS POLSKA sp. z o.o., Poznan [14]	Poland	100.00	-
ASTRAIA Software GmbH, Munich [15]	Germany	100.00	-
Creativ Software AG, Widnau [16]	Switzerland	100.00	-
Swisslab DITS GmbH, Berlin	Germany	100.00	-
Equity consolidation			
G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck	Germany	49.00	49.00
Palladium-med GmbH, Berlin [17]	Germany	-	20.00

[1] Use of the exemption rule pursuant to Section 264 Clause 3 of the German Commercial Code.
[2] NEXUS Schweiz GmbH, Altishofen, as well as syseca informatik ag, Altishofen, were merged with the merger agreement dated 4 June 2018 into Domis Consulting AG, Altishofen, as of 1 January 2018. Domis Consulting AG, Altishofen, was renamed NEXUS Schweiz AG, Altishofen, on 21 June 2018.
[3] NEXUS / INOVIT GmbH, Ismaning, was merged with the merger agreement of November 20, 2017 into NEXUS/DIS GmbH, Frankfurt/Main, on 1 January 2018.
[4] With the assignment agreement dated 9 May 2018, NEXUS Medical Software and Systems AG, Altishofen, ceded all shares in NEXUS Switzerland GmbH, Altishofen, as of 1 January 2018 to Domis Consulting AG, Altishofen.
[5] Die Domis Consulting AG, Altishofen, was renamed NEXUS Schweiz AG, Altishofen, on 21 June 2018.
[6] The shares are held indirectly via NEXUS Schweiz AG, Altishofen, (previously: Domis Consulting AG, Altishofen).
[7] ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH, Donaueschingen, was renamed NEXUS / ASS.TEC GmbH, Donaueschingen as of 31 October 2018.
[8] NEXUS AG purchased the remaining 49.0 % of the shares in the already existing subsidiary ProLohn GmbH, Singen, on 23 April 2018. ProLohn GmbH, Singen, was merged with the merger agreement of 8 May 2018 with nexus / switspot GmbH, Neckarsulm, as of 1 January 2018.
[9] NEXUS AG acquired the remaining 4.5 % shares from the existing option agreement on 28 March 2018. As of 31 December 2017: Share under company law is only 95.5 %. There is an option agreement for the remaining 4.5 % of the shares. Marabu EDV-Beratung und -Service GmbH, Berlin, was renamed NEXUS / MARABU GmbH, Berlin, on 12 November 2018.
[10] The shares are held indirectly via NEXUS/OPTIM S.A.S., Grenoble,
[11] Share under company law is only 90.0 %. There is an option agreement for the remaining 10.0 % of the shares.
[12] Share under company law is only 51.19 %. There is an option agreement for the remaining 32,54 % of the shares.
[13] The shares are held indirectly via NEXUS Schweiz AG, Altishofen, (previously: Domis Consulting AG, Altishofen). Share under company law is only 80.0 %. There is an option agreement for further 15.0 % of the shares.
[14] Share under company law is only 55.0 %. There is an option agreement for the remaining 45.0 % of the shares. MedHub sp. z o.o., Poznan, was renamed NEXUS POLSKA sp. z o.o., Poznan, on 10 August 2018.
[15] Share under company law is only 61.0 %. There is an option agreement for the remaining 39.0 % of the shares.
[16] Share under company law is only 80.0 %. There is an option agreement for the remaining 20.0 % of the shares.
[17] Palladium-med GmbH, Berlin, was dissolved by shareholders‘ resolution from 18 December 2018 as of 31 December 2018.

2. Accounting and Valuation Method

2.1 Principles for Creating the Annual Statement

This Group Financial Report 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 para. 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 2018. Standards and interpretations of IASB, which are not applicable yet, have not been adopted.

Report Currency
The Group 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 Group 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 2018 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 (IFRS) 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, were already capitalized as contingent purchase price at the corresponding fair 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 consolidated 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 1,1266 CHF / EUR (previous year: 1.1693 CHF / EUR), the Profit and Loss Account with the average exchange rate of 1.1550 CHF / EUR (previous year: 1.1117 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 4.2981 PLN / EUR, the period result with the average exchange rate of 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 Change 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 mandatory, applicable International Accounting Standards (IAS) as well as IFRS and IFRIC were considered for the fiscal year 2018. 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:

Standards/Interpretation	Title of the Standards/Interpretation or Amendment	Application for fiscal years starting from	Effects on the NEXUS consolidated financial statement
Amendments to IFRS 2	Classification and valuation of share-based payments	1 January 2018	No effects
IFRS 9	Financial Instruments	1 January 2018	See below
IFRS 15	Sales revenue from contracts with customers	1 January 2018	See below
Amendments to IFRS 4	Application of IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts	1 January 2018	No effects
Amendments to IFRS 15	Clarifications to IFRS 15	1 January 2018	See below
Amendments to IAS 40	Transfers of real estate held as financial investment	1 January 2018	No effects
Improvements to IFRS 2014–2016	Amendments to IFRS 1 and IAS 28	1 January 2018	No effects
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1 January 2018	No effects

Future Requirements:

Standards/Interpretation	Title of the Standards/Interpretation or Amendment	Application for fiscal years starting from [1]	Effects on the NEXUS consolidated financial statement
EU endorsement has beengiven by the date of release for publication			
IFRS 16	Leasing	1 January 2019	See below
Amendments to IAS 28	Joint ventures	1 January 2019	No effects
Amendments to IFRS 9	Prepayment Features with Negative Compensation	1 January 2019	No effects
IFRIC 23	Uncertainty regarding income tax treatment	1 January 2019	No effects
EU Endorsement is still pending			
IFRS 17	Insurance Contracts	1 January 2021	No effects
Improvements to IFRS 2015 – 2017	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	1 January 2019	No effects
Amendments to IAS 19	Employee benefits Plan change, reduction or settlement	1 January 2020	Effects still to be determined
Amend References to the IFRS framework concept	Update of references to the IFRS framework concept	1 January 2020	Effects still to be determined
Amendments to IFRS 3	Definition of a business operation	1 January 2020	No effects
Amendments to IAS 1 und IAS 8	Define	1 January 2020	Effects still to be determined

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

IFRS 9 – Financial Instruments

IFRS 9 issued in July 2014 replaces the existing guidelines in IAS 39 Financial Instruments: Strategy and Valuation IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model of expected credit losses to calculate the impairment of financial assets as well as the new general accounting rules for hedging transactions. It also adapts the guidelines for entering and writing off financial instruments of financial instruments from IAS 39. The Group applies the option of the modified retrospective method, i.e., an adjustment of the comparative period does not take place. Any conversion effects are recognized cumulatively in the retained earnings.

The following effects have resulted for the initial application date 1 January 2018:

	Valuation category according to IAS 39	Valuation category according to IFRS 9	Book values according to IAS 39 as of 31/12/2017	New classification	Reassessment	Book values according to IFRS 9 01/01/2018	Effect to the retained earnings
Assets							
Securities	AfS	FVOCI	1,849	-1,849	-	-	-
Securities	FVTPL (HfT)	FVTPL	-	1,849	-	1,849	-
Cash and credit balances at banks	-	AC	26,536	-	-27	26,509	-27
Trade receivables	LaR	AC	21,686	-	-73	21,613	-73
Other self-generated non-financial assets	LaR	AC	930	-	-3	927	-3
			51,001	**-**	**-103**	**50,898**	**-103**
Liabilities							
Trade accounts payable	FLAC	AC	5,607	-	-	5,607	
Other self-generated financial liabilities	FLAC	AC	20,155	-	-	20,155	
			25,762	**-**	**-**	**25,762**	

IFRS 15 – Revenue from customer contracts/Amendments to IFRS 15
The Group applies IFRS 15 Financial Instruments as of 1 January 2018. The application was preceded by a company-wide implementation project for the accounting of revenues from contracts with customers. IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, to what extent and at what time revenue is recognized. It replaces existing guidelines for the recognition of revenue, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. The Group has decided to apply the modified retrospective method in its consolidated financial statements, according to which the cumulative adjustment amounts for 1 January 2018 in its consolidated financial statements during the transition to IFRS 15.

The following effects have resulted for the initial application date 1 January 2018:

	Book value according to IAS 18 / IAS 11 as of 31/12/2017	Reclassification	Reassessment	Book value according to IAS 15 as of 1/1/2018	Impact on retained earnings
Assets					
Short-term assets					
Contract assets	-	-	121	121	121
Liabilities					
Other non-financial debts	7,625	-6,175	-	1,450	-
Contract liabilities	-	6,175	115	6,290	-115
Equity Capital					
Retained earnings	48,202	-	6	48,208	-

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 contractual assets are reclassified into trade receivables if the rights become unconditional. This is usually done when the Group issues an invoice to the customer.

The contractual liabilities mainly relate to the down payments for software licenses made by customers. If contract assets and liabilities exist for the same customer, these are offset against each other.

Service obligations and methods of revenue recognition
Sales are measured on the basis of the consideration set out in a contract with a customer. The Group recognizes revenues when it transfers control of a good or service to a customer.

IFRS 16 – Leases
On 13 January 2016, IASB published the new standard IFRS 16 (Leases). IFRS 16 replace 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 must be applied for fiscal years beginning on or after 1 January 2019; early application is permitted if IFRS 15 has already been applied. NEXUS AG will apply the standard for the fiscal year beginning on 1 January 2019. The first-time application of IFRS 16 is 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 identified leases under IFRS 16 will have the following impact in 2019 on the presentation of the Group's assets, financial position and results of operations:

+ The initial application of IFRS 16 results in an increase in lease liabilities of approximately EUR 14.3 – 14.7 million as well as a corresponding increase in fixed assets of EUR 13.5 – 14.0 million as a result of the right of use to be capitalized. The balance sheet total increases accordingly by these values, which will reduce the equity ratio by approximately three percentage points. The net debt ratio will increase accordingly.
+ Instead of other operating expenses in the income statement items, leasing expenses are recognized in depreciation of EUR 4.0 to 4.3 million and approx. EUR 0.2 to 0.3 million in interest expense. This results in significant improvement of EBITDA from EUR 4.2 to 4.6 million.
+ The cash flow statement includes the redemption share of the lease payments in the cash flow from financing activities, while interest payments are included in the cash flow from current activities. This improves the cash flow of current operations by EUR 4.3 to 4.7 million.

Essential discretionary decisions, assessments 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 tests at least once a year whether goodwill, brands with indefinite useful lives and development costs that are not yet ready for use are impaired. 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 fair 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

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 and amortized over its expected useful life.

Brand rights identified at company acquisitions

The fair value of acquire 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 expected purchase price payments for company acquisitions

At the time of the acquisition of companies, expected 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 Note 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 Methods

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 IFRS 9 (in the sense of IAS 39 in the previous year) 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 as revenue at the adjusted value at the time
+ Financial assets valuated not affecting net income at the adjusted value at the time

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.

In the previous year, IAS 39 classified financial instruments in the following categories:

a) Financial liabilities, which are valued at cost less depreciation (FLAC)
b) Financial assets/liabilities (FVTPL (HfT)) (kept for trading purposes) affecting net income at fair value
c) Financial assets available for sale (AfS)
d) Loans and receivables (LaR) extended by the NEXUS Group

Both IFRS 9 and IAS 39 recognize a financial instrument for the first time at cost equal to the fair value of the consideration. 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 valuated at fair value and affecting net income include the financial assets kept for trading purposes and financial assets that are classified at fair value affecting net income 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. With IFRS 9, the previous “Incurred Loss Model” according to IAS 39, which was based on recognizable default risks for “loans and receivables”, was replaced by the „Expected Credit Loss Model“, which is based on expected losses.

The new impairment model is to be applied to financial assets measured at amortized cost, to contract assets and debt instruments measured at fair value not affecting net income. In principle, the new impairment model results in an earlier recording of risk provisions.

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. Under IAS 39, such assets were impaired only when there were identifiable default risks.

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. 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.
Also refer to the comments under 9.

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 impairment. 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 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 the 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 5 years on principle.

d) Goodwill
The excess of procurement costs of a company at the fair 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 set 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 book values 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 at least once annually for impairment.

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 fixed 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 assets
Fixed assets are shown at the procurement or manufacturing costs minus cumulated, regular amortization and cumulated depreciation. The original procurement costs of fixed assets cover the purchase price as well as all directly attributable costs to use the asset in operations. The manufacturing costs of fixed 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 fixed assets is checked if there are indications that the accounting value of an asset exceeds its attainable amount. Plant, equipment or other fixed 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 surplus with effects on the Group Profit and Loss Account. The residual values of the assets, 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 a 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 consolidated 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 as well as
+ 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, may not be shown.
+ 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 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 (previous year LAR in accordance with IAS 39). 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 contractual 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 fair 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. Under IAS 39, such assets were impaired only when there were identifiable default risks.

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 31.

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 fair 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 consolidated 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 exist solely in the form of put and call options in connection with company acquisitions and in relation to the increase of already controlling interests. This is shown in the balance sheet within the context of an anticipated acquisition in accordance with IFRS 3.

Pension Accruals

The Group has seven 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 Swiss 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 fair 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 Group Financial Report until their use becomes probable. They are shown in the Group Financial Report 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 the consideration 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 recognized 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 contract for work and services 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).

Finance Income

Finance income is entered at the time it occurs.

Finance Expenses

Payments for loans are entered as expenditures. There is no capitalization of interest rate on borrowings according to IAS 23, because no qualified assets exist.

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.

Operating Lease Relation
A leasing relation is classified as an operating leasing relation if all risks and chances associated with ownership remain with the lessor. Leasing payments within an operating leasing relation are entered linearly as expenses in the Group Profit and Loss Account during the period of the leasing relation.

3. Company Mergers

Acquisition of MedHub sp. z o.o., Poznan, Poland
With more than 90 employees and more than 120 hospital customers, MedHub sp. z o.o. is one of the top three providers of medical software in Poland. MedHub sp. z o.o. is a recognized leader in electronic patient records, including pharmaceutical and laboratory solutions. By acquiring more than 55.00 % of the shares in MedHub sp. z o.o. (Renamed NEXUS POLSKA sp. z o.o. since 10 August 2018), Poznan, on 9 January 2018, NEXUS has built up its international market position in Poland and made a further step towards becoming the leading European e-health company.

KPLN 14,509 was paid in cash as purchase price. There is a put and call-option contract for the remaining 45.00 % of shares. 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 expected purchase price. The future expected purchase price payment of KPLN 22,551 represents the fair value. It is unlimited in amount. Amortization to income may be necessary in subsequent periods at failure to achieve the planned EBITA.

The identified and evaluated assets in allocating the purchase prices are essentially composed of customer relations (KPLN 4,017) and technology (KPLN 3,507) 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 KPLN 31,383. The goodwill results mainly from the skills and expertise of the NEXUS POLSKA sp. z o.o. 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 2018, sales with third parties amounted to KEUR 6,886 from the initial consolidation time,1 January 2018 and the contribution to the consolidated surplus was KEUR 382. The miscellaneous procurement costs in the amount of KEUR 88 are entered affecting the result.

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

Assets / Liabilities NEXUS POLSKA sp. z o.o., Poznan	Fair Value at Acquisition Time
	PLN [1]
Cash balance	27,770.72
Intangible Assets	9,498,856.39
Fixed assets	277,905.62
Inventories	360,181.86
Deferred tax assets	314,958.00
Other assets	331,671.52
Trade receivables	4,901,424.38
	15,712,768.49
Other Accruals	1,168,226.93
Deferred tax liabilities	1,429,480.00
Liabilities	7,437,824.74
	10,035,531.67
Net assets on the acquisition date	**5,677,236.82**
Goodwill	31,383,031.88
Total acquisition price	**37,060,268.70**
The acquisition costs are composed of the following	
Purchase price paid in cash	14,509,343.05
Purchase price still to be paid	22,550,925.65
Total acquisition price	**37,060,268.70**
Means of payment from this acquisition developed as follows	
Purchase price paid in cash	14,509,343.05
Purchased means of payment	27,770.72
Outflow of funds	**14,481,572.33**

[1] At the time of first-time consolidation, an exchange rate of 4.1760 PLN / EUR is to be used.

Acquisition of Creativ Software AG, Widnau, Switzerland

Thanks to the acquisition of 80.00 % of the shares in Creativ Software AG, Widnau, NEXUS is integrating modern customer relationship management (CRM) for hospitals and donation organizations in its software range. With this, healthcare facilities can professionalize and automate communication with patients and referring physicians. This also applies to communication with donors, who are increasingly important for financing investment.

KCHF 9,405 was paid in cash as purchase price. There is a put and call-option contract for the remaining 20.0 % of shares. 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 expected purchase price. The future expected purchase price payment of KPLN 3,715 represents the fair value. It is unlimited in amount. Amortization to income may be necessary in subsequent periods at failure to achieve the planned EBITA.

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

Assets/Liabilities Creativ Software AG, Widnau	Fair Value at Acquisition Time
	CHF [1]
Cash balance	2,281,674.97
Intangible Assets	2,634,247.39
Fixed assets	172,212.50
Deferred tax assets	186,997.00
Other assets	2,273,708.15
Trade receivables	757,596.32
	8,306,436.33
Deferred tax liabilities	471,078.00
Pension accruals	1,074,693.00
Liabilities	1,954,031.49
	3,499,802.49
Net assets on the acquisition date	**4,806,633.84**
Goodwill	8,312,521.26
Total acquisition price	**13,119,155.10**
The acquisition costs are composed of the following	
Purchase price paid in cash	9,404,600.29
Purchase price still to be paid	3,714,554.81
Total acquisition price	**13,119,155.10**
Means of payment from this acquisition developed as follows	
Purchase price paid in cash	9,404,600.29
Purchased means of payment	2,281,674.97
Outflow of funds	**7,122,925.32**

[1] At the time of first-time consolidation, an exchange rate of 1.1518 CHF / EUR is to be used.

The identified and evaluated assets in allocating the purchase prices are essentially composed of customer relations (KCHF 1,272) and technology (KCHF 1,342) 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 KCHF 8,313. The goodwill results mainly from the skills and expertise of the Creativ Software 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 2018, sales with third parties from the consolidation time amounted to KCHF 2,420, and the contribution to the consolidated surplus was KCHF 412. The miscellaneous procurement costs in the amount of KCHF 11 are entered affecting the result.

If the company had been acquired at the beginning of the year, sales revenue would have amounted to KCHF 4,306 and the contribution to consolidated net earnings to KCHF 635.

Acquisition of ASTRAIA Software GmbH, Munich

NEXUS AG acquired 61.00 % of the shares of ASTRAIA Software GmbH, Munich, on 5 June 2018. Thanks to the acquisition, NEXUS is strengthening its international market position in the area of gynecology and is enhancing the product NEXUS / GYNECOLOGICAL HOSPITAL with a leading global software of ultrasound diagnostics. The product is available and installed in more than 25 languages. In product development, ASTRAIA Software GmbH is considered a global innovation leader in this special diagnostic area.

KEUR 2,476 was paid in cash as purchase price. There is a put and call-option contract for the remaining 39.0 % of shares. 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 expected purchase price. The future expected purchase price payment of KEUR 2,497 represents the fair value. It is unlimited in amount. Amortization to income may be necessary in subsequent periods at failure to achieve the planned EBIT.

The identified and evaluated assets in allocating the purchase prices are essentially composed of customer relations (KEUR 238) and technology (KEUR 73) 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 4,523. The goodwill results mainly from the skills and expertise of the ASTRAIA Software 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 2018, sales with third parties from the consolidation time amounted to KEUR 1,307 and the contribution to the consolidated surplus was KEUR 153. The miscellaneous procurement costs in the amount of KEUR 19 are entered affecting the result.

If the company had been acquired at the beginning of the year, sales revenue would have amounted to KEUR 2,230 and the contribution to consolidated net earnings to KEUR 178.

Assets/Liabilities ASTRAIA Software GmbH, Munich	Fair Value at Acquisition Time
	EUR
Cash balance	357,018.18
Intangible Assets	329,106.61
Fixed assets	13,109.87
Other assets	13,060.41
Trade receivables	378,388.44
	1,090,683.51
Deferred tax liabilities	102,602.00
Other Accruals	123,150.00
Liabilities	415,475.28
	641,227.28
Net assets on the acquisition date	**449,456.23**
Goodwill	4,523,056.26
Total acquisition price	**4,972,512.49**
The acquisition costs are composed of the following	
Purchase price paid in cash	2,475,978.64
Purchase price still to be paid	2,496,533.85
Total acquisition price	**4,972,512.49**
Means of payment from this acquisition developed as follows	
Purchase price paid in cash	2,475,978.64
Purchased means of payment	357,018.18
Outflow of funds	**2,118,960.46**

Acquisition of Swisslab DITS GmbH, Berlin

NEXUS has acquired 100.00 % of Swisslab DITS GmbH, Berlin with a purchase agreement dated 11 October 2018 as of 30 November 2018. The objective of this transaction is to develop existing laboratory solutions for existing and new customers further in an innovative way and additionally increase customer benefits thanks to product integration. NEXUS will complete its diagnostic product spectrum with that. Customers can combine NEXUS‘ modern hospital information system with a complete diagnostic solution portfolio.

EUR 1.00 was paid in cash as purchase price. In addition, a fixed additional purchase price of KEUR 2,500 was agreed to be paid on 31 December 2021. The future fixed purchase price payment was recognized at fair value in the amount of KEUR 2,479. In addition, acquisition costs were capitalized vis-à-vis the share seller in the amount of KEUR 5,911 due to a repayment obligation.

The identified and evaluated assets and debts identified in setting the purchase prices are essentially composed of customer relations (KEUR 450), technology (KEUR 2,215) and debt for fulfilling the original performance obligation (KEUR 6,500) at the purchase time. In December 2018 the original performance obligation was reduced in the amount of KEUR 500 due to neutralize corresponding expenses. The disclosure was made under other operating income. Goodwill resulted from the purchase price allocation in the amount of KEUR 4,495. The goodwill results mainly from the skills and expertise of the Swisslab DITS GmbH 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 2018, sales with third parties from the consolidation time amounted to KEUR 2,390 and the contribution to the adjusted consolidated surplus was KEUR 352 due to one-time effects. The miscellaneous procurement costs in the amount of KEUR 76 are entered affecting the result.

Due to special effects from the restructuring in the financial year 2018, it is not possible to make reliable statements about the sales revenue and net earnings, if the company had been acquired at the beginning of the year.

Assets/Liabilities Swisslab DITS GmbH, Berlin	Fair Value at Acquisition Time
	EUR
Cash balance	2,261,985.40
Intangible Assets	2,827,708.38
Fixed assets	372,131.28
Other assets	26,060,537.37
Inventories	532,608.24
Deferred tax assets	2,599,625.00
Trade receivables	1,035,671.18
	35,690,266.85
Deferred tax liabilities	813,905.00
Pension accruals	210,302.00
Other Accruals	12,324,422.70
Liabilities	18,446,289.12
	31,794,918.82
Net assets on the acquisition date	**3,895,348.03**
Goodwill	4,494,728.37
Total acquisition price	**8,390,076.40**
The acquisition costs are composed of the following	
Purchase price paid in cash	1,00
Targeted Cash Amount [1]	5,910,721.42
Purchase price still to be paid	2,479,353.98
Total acquisition price	**8,390,076.40**
Means of payment from this acquisition developed as follows	
Purchase price paid in cash	1,00
Purchased means of payment	2,261,985.40
Inflow of means of payment	**2,261,984.40**

[1] As part of the acquisition, a planned Targeted Cash Amount (cap) was defined. At the acquisition date 30 November 2018, the cash claim against the share seller exceeded the Targeted Cash Amount by KEUR 5,911 according to the defined calculation formula. This resulted in additional acquisition costs of the same amount. Consequently, the gross acquisition costs amount to KEUR 8,390. The net acquisition costs amounted to KEUR 2,479, excluding the additionally purchased liquidity.

Acquisition of further shares of Chili GmbH, Dossenheim

NEXUS entered into a put and call option agreement for 32.54 % of 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 expected purchase price. The future expected purchase price payment of KEUR 3,350 represents the fair value. Amortization to income may be necessary in subsequent periods at failure to achieve the planned EBIT. A purchase price advance payment of KEUR 1,150 was made on the future purchase price payment to be expected.

Adjustment of the future expected purchase price payment of NEXUS / MARABU GmbH, Berlin

The expected purchase price payment of KEUR 72 as of 31 December 2017 was paid in cash with the purchase agreement of 28 March 2018 for the remaining 4.5 % of the shares in NEXUS / MARABU GmbH, Berlin.

Adjustment of the future expected purchase price payment of NEXUS SISINF SL, Sabadell

The expected purchase price payment of KEUR 1,189 as of 31 December 2017 was canceled affecting net income in the fiscal year 2018. As a result, there will be no future expected purchase price payment on the cut-off date.

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

At the purchase of IBH Datentechnik GmbH, Kassel, a contingent purchase price in the amount of KEUR 2,039 was entered on the liabilities side in the fiscal year 2016. The contingent purchase price was increased by KEUR 27 in the fiscal year 2017 due to compounding of interest. The contingent purchase price was increased by KEUR 20 in the fiscal year 2018 due to compounding of interest. As a result, a contingent purchase price of KEUR 2,086 resulted on the cut-off date.

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

At the purchase of nexus / switspot GmbH, Neckarsulm, a contingent purchase price in the amount of KEUR 1,177 was entered on the liabilities side in the fiscal year 2016. The contingent purchase price was increased by KEUR 12 in the fiscal year 2017 due to compounding of interest. The contingent purchase price was increased by KEUR 12 in the fiscal year 2018 due to compounding of interest. As a result, a contingent purchase price of KEUR 1,201 resulted on the cut-off date.

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

At the purchase of highsystem ag, Zürich, a contingent purchase price in the amount of KEUR 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. The contingent purchase price was increased by KCHF 7 in the fiscal year 2018 due to compounding of interest. As a result, a contingent purchase price of KEUR 650 resulted due to currency effects on the cut-off date.

Adjustment of the future expected 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. As a result, a contingent purchase price of KEUR 5,425 resulted due to currency effects on the cut-off date.

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

At 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 As a result, a contingent purchase price of KEUR 3,306 resulted due to currency effects on the cut-off date.

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

At 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. As a result, a contingent purchase price of KEUR 2,501 resulted on the cut-off date.

4. Intangible Assets

In fiscal 2018, the cash-generating units (CGU) were redefined due to a change in the management's internal control and reporting level. The newly defined CGU represent the lowest level of performance according to the Management Approach, according to which it is controlled for internal management purposes.

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 (CGU). 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) in the Detailed Planning Stage
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 impairment of goodwill.

Cash-generating unit	Company to be attributed	Organic growth in % in Detailed planning period of 3 years [1]		Discount rate in % before taxes for cash flow forecast		Goodwill (in KEUR)	
		2018	2017	2018	2017	2018	2017
NEXUS / DE (Germany)	NEXUS / CIS GmbH NEXUS / MARABU GmbH NEXUS / QM GmbH VEGA Software GmbH NEXUS / Deutschland GmbH Swisslab DITS GmbH IBH Datentechnik GmbH NEXUS AG	6	10	10.2	10.67	15,036	10,541
NEXUS / DIS (Diagnostic Information Systems)	NEXUS / DIS GmbH E&L medical systems GmbH CHILI GmbH ASTRAIA Software GmbH	5	3	10.31	10.78	14,520	9,997
NEXUS / ROE (Rest of Europe)	NEXUS Schweiz AG NEXUS Nederland B.V. NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H NEXUS / OPTIM S.A.S. CS3I S.A.S. NEXUS / CSO GmbH NEXUS / REHA GmbH NEXUS Medizinsoftware und Systeme AG NEXUS SISINF SL NEXUS POLSKA sp. z o.o.	6	3	8.96	9.36	41,053	25,923
NEXUS / CMS (Consulting & Managed Services)	NEXUS / ASS.TEC GmbH NEXUS . IT GmbH Südost NEXUS / CLOUD IT GmbH nexus/switspot GmbH	1	3	9.83	10.28	2,853	2,853
Total						**73,462**	**49,314**

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

5. Fixed assets

Fixed assets are composed mainly of land and buildings, operation and business equipment, and construction in progress. The fixed 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.

DEVELOPMENT OF ASSETS 2018

	Acquisition and manufacturing costs					
	1/1/2018	Inflows from company mergers within the consolidated Group	Currency changes	Receipts	Reclassification	Issues
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Intangible Assets						
Concessions/Patents	5,711	672	1	340	0	434
Goodwill	49,491	23,751	397	0	0	0
Development Costs	51,821	0	116	4,130	0	0
Customer Relations/Technology	25,187	7,046	124	0	0	0
Brands	8,749	0	18	0	0	0
	140,959	**31,469**	**656**	**4,470**	**0**	**434**
Fixed assets						
Tenant installations	979	0	3	52	0	10
Other equipment, factory and office equipment	8,748	601	60	3,049	0	2,787
Estate properties, leasehold rights and buildings,	4,478	0	0	68	0	0
facilities under construction	804	0	0	15	0	0
	15,009	**601**	**63**	**3,184**	**0**	**2,797**
Total	**155,968**	**32,070**	**719**	**7,654**	**0**	**3,231**

	Accumulated depreciations						Book value	
31/12/2018	1/1/2018	Currency changes	Receipts	Reclassi-fication	Issues	31/12/2018	31/12/2018	31/12/2017
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
6,290	4,979	13	599	0	371	5,220	1,070	732
73,639	177	0	0	0	0	177	73,462	49,314
56,067	34,892	97	5,619	0	0	40,608	15,459 [1]	16,929
32,357	15,793	98	3,153	0	0	19,044	13,313	9,394
8,767	0	0	0	0	0	0	8,767	8,749
177,120	**55,841**	**208**	**9,371**	**0**	**371**	**65,049**	**112,071**	**85,118**
1,024	314	3	125	0	6	436	588	665
9,671	5,192	60	1,925	0	2,133	5,044	4,627	3,556
4,546	96	0	106	0	0	202	4,344	4,382
819	0	0	0	0	0	0	819	804
16,060	**5,602**	**63**	**2,156**	**0**	**2,139**	**5,682**	**10,378**	**9,407**
193,180	**61,443**	**271**	**11,527**	**0**	**2,510**	**70,731**	**122,449**	**94,525**

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

DEVELOPMENT OF ASSETS 2017

	Acquisition and manufacturing costs					
	1/1/2017	Inflows from company mergers within the consolidated Group	Currency changes	Receipts	Reclassification	Issues
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Intangible Assets						
Concessions/Patents	5,449	23	-64	386	0	83
Goodwill	47,128	3,333	-970	0	0	0
Development Costs	47,782	0	-286	5,058	0	733
Customer Relations/Technology	23,873	2,058	-283	0	0	461
Brands	8,792	0	-43	0	0	0
	133,024	**5,414**	**-1,646**	**5,444**	**0**	**1,277**
Fixed assets						
Tenant installations	793	69	-3	111	140	131
Other equipment, factory and office equipment	8,044	56	-132	1,669	135	1,024
Estate properties, leasehold rights and buildings,	2,290	0	0	804	1,384	0
facilities under construction	2,403	0	0	60	-1,659	0
	13,530	**125**	**-135**	**2,644**	**0**	**1,155**
Total	**146,554**	**5,539**	**-1,781**	**8,088**	**0**	**2,432**

6. Shares in companies valuated at equity

NEXUS AG holds the following direct or indirect ownership interest as of 31 December 2018, which is consolidated at equity:

Affiliated companies

- G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck (49,00 %)

	2018	2017
	KEUR	KEUR
Share of participations in the balance sheet		
Short-term assets	43	66
Short-term debts	-3	-26
Prorated net assets	40	40
Shares in revenue and profit of participations		
Revenue	68	83
Profit	0	-3
Changes in investments		
End of accounting value of Palladium-med GmbH, Berlin	-5	-
Accounting value of investment	**26**	**31**

	Accumulated depreciations						Book value	
31/12/2017	1/1/2017	Currency changes	Receipts	Reclassi-fication	Issues	31/12/2017	31/12/2017	31/12/2016
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
5,711	4,738	-61	383	0	81	4,979	732	711
49,491	177	0	0	0	0	177	49,314	46,951
51,821	30,248	-219	5,596	0	733	34,892	16,929 [1)]	17,534
25,187	13,742	-247	2,759	0	461	15,793	9,394	10,131
8,749	0	0	0	0	0	0	8,749	8,792
140,959	**48,905**	**-527**	**8,738**	**0**	**1,275**	**55,841**	**85,118**	**84,119**
979	219	-6	104	125	128	314	665	574
8,748	4,793	-82	1,474	-125	868	5,192	3,556	3,251
4,478	10	0	86	0	0	96	4,382	2,280
804	0	0	0	0	0	0	804	2,403
15,009	**5,022**	**-88**	**1,664**	**0**	**996**	**5,602**	**9,407**	**8,508**
155,968	**53,927**	**-615**	**10,402**	**0**	**2,271**	**61,443**	**94,525**	**92,627**

[1)] Of which development costs not yet ready for use in the amount of KEUR 2,241.

7. Inventories

The inventories are as follows:

	31/12/2018	31/12/2017
	KEUR	KEUR
Raw materials, consumables and supplies	95	76
Goods	441	498
	536	**574**

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 12,432 (previous year: KEUR 11,809) are entered as expenditures in the fiscal year.

8. 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 2018, 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 6,086 (previous year: KEUR 10,336) domestically as well as trade tax losses carried forward in the amount of KEUR 5,730 (previous year: KEUR 9,278). These loses carried forward include the results of an audit carried out in fiscal year 2018 to fiscal years up to and including 2015. Tax losses carried forward were incurred in foreign Group companies in the amount of KEUR 103 (previous year: KEUR 227). The total volume of KEUR 11,919 (previous year: KEUR 19,841) includes losses carried forward of KEUR 1,027 (previous year: KEUR 1,621), which are estimated not to be usable (corporate income tax KEUR 527 (previous year: KEUR 827), and trade tax KEUR 501 (previous year: KEUR 794). A total of KEUR 1,027 (previous year: EUR 1,621) of that can be carried forward for an unlimited time.

	Group balance sheet		Consolidated income statement	
	31/12/2018	31/12/2017	2018	2017
	KEUR	KEUR	KEUR	KEUR
Deferred tax asset				
Tax losses carried forward	1,717	2,880	-1,124	-1,638
Valuation differences of taxable goodwill	77	24	-4	-4
Valuation differences of pensions	2,399	1,349	48	-258
Valuation differences of accruals	2,119	171	-61	147
Valuation differences of securities	131	157	-27	3
	6,443	**4,581**	**-1,168**	**-1,750**
Offsetting with deferred tax liabilities	-2,583	-2,412	1,168	1,750
Total deferred tax asset	**3,860**	**2,169**	**0**	**0**
Deferred tax liability				
Development Costs	3,863	3,702	-225	-69
Valuation differences of receivables	84	73	16	-11
Technology/Know-How	5,744	4,869	774	782
Project orders	111	0	-49	0
Accruals	0	4	0	0
	9,802	**8,648**	**516**	**702**
Of those, offset against deferred tax receivables	-2,583	-2,412	-1,168	-1,750
Total deferred tax liability	**7,219**	**6,236**	**-652**	**-1,048**

	2018	2017
	KEUR	KEUR
Change of deferred taxes affecting net income	-652	-1,048
Adjustment of deferred taxes entered in other comprehensive income within the context of provisions for pensions	-247	-157
Adjustment of deferred taxes entered in other comprehensive income due to currency conversion	437	96
Determined deferred taxes entered within the context of company mergers	1,170	-415
Change of deferred taxes in balance sheet item	**708**	**-1,524**

9. Trade receivables and other receivables as well as contract assets

Trade account receivables and other receivables are composed of the following:

	31/12/2018	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Trade receivables	25,371	609
Contract Assets	1,007	0
Total	**26,378**	**609**

	31/12/2017	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Trade receivables	20,439	1,247
Total	**20,439**	**1,247**

The Group applies the simplified approach under IFRS 9 to measure the expected credit losses, which means that the expected credit losses over the term are referenced for all trade receivables. The default risk is not insured. The adjustment of the impairment determination for 1 January 2018 resulted in a reduction in the Group's retained earnings; the increase in risk provisions amounted to KEUR 73. The following table shows the effect of the initial application of IFRS 9 as of 1 January 2018:

	KEUR
Impairment losses as of 31 December 2017 according to IAS 39	2,779
Additional impairment losses as of 1 January 2018 on trade receivables [1)]	73
Impairment losses as of 1 January 2018 according to IFRS 9	2,852

[1)] This results in deferred tax income of KEUR 22.

To measure the expected credit losses, trade receivables based on common credit risk characteristics and overdue days were combined in an impairment matrix. Credit risk classifications are defined by means of qualitative and quantitative factors. Default risks within each default risk classification were classified on the basis of the geographical location and overdue days. For each class, a credit default rate for the expected credit loss is calculated, which is based on the default status and the credit losses of the last three years. To reflect the differences between the economic conditions at the time of collection of the historical data, the current conditions and the view of the Group on the economic conditions over the expected maturity of the receivables, this is supplemented by an assessment of the industry development. 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. Receivables with an overdue date greater than 90 days are classified in Class 2. This assumes an average credit default risk. A default event classification in Class 3 shall be deemed to be a rebuttable presumption: a due date of more than 180 days.

Outstanding receivables are continuously monitored locally to determine whether there are objective indications that the receivables are impaired in their creditworthiness. The entire exposure portfolio has been subjected to a fair value analysis, which assists in assessing whether there has been a deterioration in credit quality leading to a change in the Class 2 classification to Class 3 according to IFRS 9 and according to the expected credit loss model. The expected default risks are taken into account by appropriate value adjustments. Trade receivables are adjusted directly if the Group does not reasonably expect trade receivables to be fully or partially realizable. Evidence that there is insufficient expectation of realization is, among other things, the absence of contractual payments over a period of more than 180 days after due date, depending on the credit risk characteristics. This is synonymous with a transfer of the receivable from Class 2 to Class 3 according to IFRS 9. This procedure is based on past experience in the realization of trade receivables. The Group does not expect any significant deduction of the amount written off. Written-off financial assets may nevertheless be subject to enforcement measures to collect overdue receivables in order to act in accordance with the Group Policy.

Development of the impairment matrix as of 31 December 2018:

Classifications	Loss rate in %	Book value KEUR	Valuation adjustment KEUR
Low risk - Class 1 (basically 0-90 days)	0.33	24,466	81
Medium risk - Class 2 (basically 90-180 days)	5.29	1,935	102
Loss - Class 3 (basically longer than 180 days)	84.02	4,811	4,042
		31,212	**4,225**

Class 1 trade receivables include receivables from contractual assets in the amount of KEUR 1,007 from the initial application of IFRS 15.

Receivables from deliveries and services in the amount of KEUR 126 (previous year: KEUR 205) were charged off in the fiscal year 2018. There were no received payments (previous year: none) for charged-off receivables. The fair value of trade account receivables and other receivables does not different from the book value. At 31 December 2018, trade receivables of KEUR 4,225 (previous year: KEUR 2,914 in nominal value) were impaired.

The reconciliation of impairment losses under IFRS 9 from 1 January 2018 to 31 December 2018 is as follows:

	KEUR
Impairment losses as of 1 January 2018	2,852
Change in impairment losses for Class 1 financial instruments (= Class 2)	12
Change in impairment losses for financial instruments with increased default risk in Class 2 (= Class 2)	24
Change in impairment losses for financial instruments, for which objective indications of impairment losses are available – Class 3 (= Class 3)	1,337
Impairment losses as of 31 December 2018	4,225

Trade receivables increased by KEUR 4,294 within the context of the growth of business transactions. This increase also resulted in an increase in value adjustments.

Development of individual value adjustment for trade receivables	KEUR
As of 1 January 2017	2,172
Inflows affecting expenses	1,128
Consumption	-174
Dissolution	-347
As of 31 December 2017	**2,779**
IFRS 9 Adjustment effect	73
As of 1 January 2018	**2,852**

Compared to the previous year, the due dates of trade receivables were as follows:

Trade receivables (gross value)	31/12/2017
	KEUR
Neither depreciated in value nor overdue	9,522
Not depreciated in value and overdue in the next periods	
< 30 days	6,919
30-120 days	1,784
120-180 days	671
180-360 days	1,858
> 360 days	797
Individual value adjustment at residual book value	135
Book value	**21,686**

There were no indications that the creditors would not meet their payment obligations in due time for the receivables that were neither impaired nor overdue in the previous year. Therefore, no impairment was recognized in accordance with IAS 39.

10. Other Financial Assets and Short-Term Financial Assets

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

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

	31/12/2017	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Other financial assets		
From interest	2	0
From loans to employees and third parties	8	79
From miscellaneous	695	146
Total of other financial assets	**705**	**225**
Short-term financial assets		
Securities	1,849	0
Total of short-germ financial assets	**1,849**	**0**

As of 31 December 2018, other financial assets include claims arising from a past profit and loss transfer agreement, which existed between the share seller and Swisslab DITS GmbH, in the amount of KEUR 25,927.

Other financial assets
credit risks
The credit quality of financial assets, both overdue and non-overdue, is determined by reference to external credit ratings (if available) or historical experience of default rates. 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 fair value of other financial assets does not differ from the book value. As of 31 December 2018, impairments under the expected credit loss model (expected credit losses in accordance with IFRS 9) are entered in the amount of KEUR 27 (previous year: KEUR 58).

The Group applies the simplified approach according to IFRS 9 to measure the expected credit losses, which means that the expected credit losses over the term are referenced for all trade receivables within 12 months. The default risk is not insured. The adjustment of the impairment determination as of 1 January 2018 resulted a reduction in the Group's retained earnings. The increase in risk provisioning amounts to KEUR 3. The following table shows the effect of the initial application of IFRS 9 as of 1 January 2018.

	KEUR
Impairment losses as of 31 December 2017 according to IAS 39	58
Additional impairment losses as of 1 January 2018 on financial assets and short-term financial assets [1]	3
Impairment losses as of 1 January 2018 according to IFRS 9	61

[1] This results in deferred tax income of KEUR 1.

The reconciliation of impairment losses under IFRS 9 from 1 January 2018 to 31 December 2018 is as follows:

	KEUR
Impairment losses as of 1 January 2018	61
Change in impairment losses for Class 1 financial instruments	24
Change in impairment losses for financial instruments with significantly increased risk of default since initial recognition of Class 2	0
Change in impairment losses for financial instruments, for which objective indications of impairment losses are available in Class 3	-58
Impairment losses as of 31 December 2018	27

The outstanding contract value of financial assets, which were written off in 2018, 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:

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

	31/12/2017	
	Procurement	fair value costs
	KEUR	KEUR
Securities		
Pension funds	2,158	1,849
Total	**2,158**	**1,849**

During the reporting period, impairment losses of KEUR 119 (previous year: KEUR 7) and interest income from securities of KEUR 34 (previous year: interest income from securities and a registered bond of KEUR 56) were entered in the profit and loss statement.

As of 31 December 2018, there were no derivative financial instruments, analog to the previous year.

11. Other non-financial assets

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

	31/12/2018	31/12/2017
	KEUR	KEUR
Prepaid expense and accrued income	1,399	1,429
Accounts receivable, most for social security	235	314
Down payments made	222	258
Value added tax	47	159
Wage and salary advances	15	36
Total of non-financial assets	**1,918**	**2,196**

The fair 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.

12. Equity Capital

Equity amounted to KEUR 108,325 on the cut-off date (previous year: KEUR 103,009). Refer to the statement of changes in the shareholders' equity.

a) Subscribed capital
Subscribed capital on 31 December 2018 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 17 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 1 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 fair 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 787.

c) 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 conversion
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 reserves
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 2018, the value of the own shares was KEUR 759 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.

Granting of the authorization at the annual meeting of ...	Authorization valid until...	Maximum buy-back volume A maximum of 10 % of the capital stock (In no-par shares)	Fiscal Year of the transaction	Buy-back (+) / issue (-) (In no-par shares)
			Number of shares 1/1/2016	
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)]
			Holdings 31 December 2018	**39,385**

[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.

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.

Authorized but Unissued Capital and Stock Option Plans (AOP)

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 contingently corresponding to execution of a stock option program by EUR 1,400,000.00 bearer shares.

Executive Board Bonus for Future Stock Price Development

Stock-based compensation 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 future value of KEUR 788 at the time of granting. The capital reserve as a result of the share-based compensation decreased by KEUR 787.

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 51.2 % (previous year: 68.1 %) on the balance sheet cutoff 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 2018, a dividend in the amount of EUR 0.16 was paid on the 15,743,173 shares with a right to a dividend on bearer, no-par shares. For fiscal year 2018, a distribution of dividends of EUR 0.17 was proposed for bearer shares for those entitled to dividends.

13. Pension obligations

Pensions accruals have been accrued for NEXUS IT GmbH SÜDOST, NEXUS Deutschland GmbH, NEXUS / CLOUD IT GmbH for the direct pension obligations (employer's pension commitments) taken over from the Forest Gesellschaft für Products & Services mbH as of 30 September 2000 as well as for NEXUS / ASS.TEC GmbH and Swisslab DITS GmbH. The performance-oriented plans in Switzerland concern the pension scheme according to Swiss 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 1 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 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 the 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.

	2019 [1]	2018	2017
	%	%	%
Calculated interest rate (D)	1.94	1.94	1.93
Calculated interest rate (NL)	2.4	2.4	2.3
Calculated interest rate (CH)	1.1	1.1	0.7
Average fluctuation rate (D)	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 (D)	1.29	1.29	0.0
Wage and salary trend (NL)	0.0	0.0	1.0
Wage and salary trend (CH)	0.5	0.5	0.5
Annual increase of current pensions (D)	1.29	1.29	1.5
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 2018, the weighted average term of performance-oriented obligations was 18 years in Germany (previous year: 15 years), 25 years in the Netherlands (previous year: 26 years) and 19 years in Switzerland (previous year: 21 years).

Change of the net debt from performance-oriented obligations

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

	2018	2017
	KEUR	KEUR
Cash value of obligations at beginning of reporting period	44,001	45,105
Enter in profit or loss		
Current staff expenses	995	2,307
Service costs to be calculated retroactively	0	-1,618
Interest payments	607	513
Entered in other comprehensive income		
Actuarial profits (–)/losses (+) from		
- demographic assumptions	-156	0
- financial assumptions	-2,178	-993
- adjustment based on experience	324	749
Currency fluctuations	1,011	-2,220
Other		
Additional pension obligations	5,133	1,034
Paid benefits and persons leaving	849	-1,521
Employee contributions	818	878
Administration costs	-286	-233
	51,118	**44,001**

	2018	2017
	KEUR	KEUR
fair value of plan assets at beginning of reporting period	33,486	33,531
Enter in profit or loss		
Interest revenue	518	437
Entered in other comprehensive income		
Revenue from plan assets without interest received Interest revenue	-589	309
Currency fluctuations	649	-1,461
Other		
Plan assets receipt	3,969	649
Employer contribution	844	875
Employee contributions	818	878
Capital payments	886	-1,485
Administration costs	-301	-247
Cash value of plan assets at the end of reporting period	**40,280**	**33,486**

	2018	2017
	KEUR	KEUR
Cash value of externally financed obligations	50,011	43,092
Fair value of plan assets	40,280	33,486
Shortage	9,731	9,606
Cash value of internally financed obligations	1,107	909
Financing status	10,838	10,515
Pension obligations on the balance sheet	10,838	10,515
Of which shown as pension accruals	10,838	10,515

The obligation is divided into the participant groups as follows:

	2018	2017
	KEUR	KEUR
Active employees	9,895	9,568
Left company due to accident	224	252
Retirees	719	695
	10,838	**10,515**

Actuarial profits (-) and losses (+) in 2018 in the amount of KEUR -1,422 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 6,886 minus deferred taxes. The total expenditures for performance-oriented employer's pension commitments, which are contained in personnel expenses, are composed of the following:

	2018	2017
	KEUR	KEUR
Current and retroactively to be attributed service time expenses	995	689
Interest payments	607	513
Interest received from plan assets	-518	-437
Administration costs	16	16
Net pension expenses	**1,100**	**781**

The actual results of the plan assets amount to KEUR 71 (previous year: KEUR -746). The plan assets are to the account of Swiss plans as well as NEXUS Nederland B.V. NEXUS / ASS.TEC GmbH and Swisslab DITS GmbH and are composed of claims against pension schemes.

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

	2018	2017
	KEUR	KEUR
Bonds	19,653	12,225
Real estate	3,188	3,146
Stocks	7,044	670
Cash and fixed-term deposits	688	-686
Other	9,707	18,131
Total	**40,280**	**33,486**

	2018	2017	2016	2015	2014
	KEUR	KEUR	KEUR	KEUR	KEUR
Cash value of pension obligations	51,118	44,001	45,105	39,181	21,403
Fair value of plan assets	40,280	33,486	-33,531	-28,366	-15,415
Plan shortfall	10,838	10,515	11,574	10,815	5,988
Adjustment of pension obligations based on experience	324	749	1,688	-433	1,249
Adjustment of plan assets based on experience	-589	309	2,648	-2,104	117

Adjustments of pension obligations based on experience amount to KEUR 324 (previous year: KEUR 748), and those of the plan assets to KEUR -589 (previous year: KEUR 309). 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 3,904 in the past fiscal year (previous year: KEUR 2,777). 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 25 (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.

	2018	2017
Change of the obligation	KEUR	KEUR
Current assumption as of 31 December		
Total obligation	51,118	44,001
Externally financed obligation	50,011	43,092
Internally financed obligation	1,107	909
Discount rate +0.5 PP	-4,707	-4,561
Discount rate -0.5 PP	4,887	5,333
Salary increase rate +0.5 PP [1]	653	637
Salary increase rate -0.5 PP [1]	-680	-649
Salary increase rate +0.5 PP [2]	-203	0
Salary increase rate -0.5 PP [2]	-263	0
Pension trend +0.5 PP [3]	-162	58
Pension trend -0.5 PP [3]	-300	-54

PP = Percentage points

[1] Due to the assumption of annual salary increases domestically of 0% (with the exception of Swisslab DITS GmbH, Berlin), the sensitivity analysis only concerns the salary increase rate for the external financial obligations in the Netherlands and Switzerland.
[2] The amounts relate only to the pension obligations of 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 2019, pension expenditures of KEUR 1,521, cash value of the obligation of KEUR 53,623 as future value of the plan assets of KEUR 42,781 are forecast.

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

The expected contributions to the plan assets for 2019 amount to KEUR 121.

14. Accruals

The accruals are composed of the following:

	As of 1/1/2018	Inflows from company mergers within the consolidated Group	Currency changes	Consumption 2018	Dissolution 2018	Contribution 2018	As of 31/12/2018
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Benefits still to be paid	1,766	1,138	55	1,643	16	1,150	2,450
Other accruals	474	10,432	1	231	77	79	10,678
	2,240	**11,570**	**56**	**1,874**	**93**	**1,229**	**13,128**

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 2019. The other accruals will presumably be used in the coming year. The additions to other accruals from company mergers in the amount of KEUR 10.432 are mainly due to accruals for restructuring Swisslab DITS GmbH, Berlin.

15. Liabilities

The liabilities with respect to due dates are as follows:

	31/12/2018	
	Short-term (< 1 year)	Long-term (> 1 year)
	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] Within the context of the acquisition of the Swisslab DITS GmbH, Berlin, a financial liability was taken over from the share seller in the form of a short-term loan in the amount of KEUR 9,000.

	31/12/2017	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Trade accounts payable	5,607	0
Taxes on earnings obligation	1,126	0
Deferred revenue	2,391	0
Other non-financial debts	7,625	0
- Payments received	6,175	0
- Other taxes	1,450	0
Other financial debts	7,382	5,148
- From obligations for salary payables	2,598	0
- Other	4,784	5,148
Total	**24,131**	**5,148**

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 the down payments received from customers.

In the item 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 25,767 (previous year: KEUR 5,145) and are developing as follows:

	KEUR
Status of future expected purchase price payments as of 1 January 2018	5,145
Disposal due to payment of the remaining purchase price liability of NEXUS / MARABU GmbH	-72
Disposal due to the non-achievement of the necessary criteria for paying the future expected purchase price payment of NEXUS SINF SL	-1,189
Inflows due to accrued interest	62
– nexus / switspot GmbH	12
– IBH Datentechnik GmbH	20
– highsystem ag [1]	30
Inflows as a result of company acquisitions [2]	21,821
– Chili GmbH	2,200
– MedHub sp. z o.o.	5,425
– Creativ Software AG	3,306
– ASTRAIA Software GmbH	2,500
– Swisslab DITS GmbH	8,390
Status of future expected purchase price payments as of 31 December 2018	**25,767**

[1] including exchange rate effects
[2] including compounding of interest as of 31 December 2018

KEUR 7,112 in the expected purchase price payments are short term.

16. Possible 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 478 (previous year: KEUR 99) 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 financial obligations are as follows:

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**

31/12/2017	2018	2019–2022	ab 2023
	KEUR	KEUR	KEUR
Rents	2.164	5.266	309
Leasing	1.357	1.639	22
	3.521	**6.905**	**331**

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

	2018	2017
	KEUR	KEUR
Rents	3,421	2,051
Leasing	1,419	1,476
	4,840	**3,527**

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 2018.

3. Other financial obligations do not exit (previous year: KEUR 105 in the form of purchase order commitments for fixed assets from the expansion and renovation of the property and building in Donaueschingen acquired in 2015).

17. Revenue

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

Healthcare Software	2018		2017	
	KEUR	%	KEUR	%
Germany	63,703	50.6	55,664	51.6
Switzerland/Liechtenstein	29,307	23.3	28,052	26.0
Netherlands	14,231	11.3	14,037	13.0
Poland	6,898	5.5	0	0.0
France	5,542	4.4	5,165	4.8
Austria	2,143	1.7	2,186	2.0
Other regions	4,080	3.2	2,850	2.6
Total	**125,904**	**100.0**	**107,954**	**100.0**

Healthcare Service	2018		2017	
	KEUR	%	KEUR	%
Germany	9,997	94.6	10,514	94.5
Switzerland/Liechtenstein	374	3.5	395	3.5
Austria	7	0.1	44	0.5
Other regions	187	1.8	176	1.5
Total	**10,565**	**100.0**	**11,129**	**100.0**

Of that attributed to:

	2018		2017	
	KEUR	%	KEUR	%
Services and software maintenance	108,001	79.1	92,907	78.0
Licenses	21,384	15.7	20,938	17.6
Deliveries	7,084	5.2	5,238	4.4
Total	**136,469**	**100.0**	**119,083**	**100.0**

For the individual types of sales revenue and their recognition, reference is made to the statements in 2.4, section "Revenue recognition".

18. Other Operating Income

The other operating income refer above all to non-cash-value benefits in the amount KEUR 1,269 (previous year: KEUR 1,273), revenues from purchase price adjustments in the amount of KEUR 1,189 (previous year: KEUR 56), revenue from closing out short-term liabilities in the amount of KEUR 603 (previous year: KEUR 178), revenue from value adjustments from receivables in the amount of KEUR 605 (previous year: KEUR 347), revenue from closing out reserves in the amount of KEUR 93 (previous year: KEUR 15), income from asset disposals in the amount of KEUR 79 (previous year: KEUR 161), foreign currency profits in the amount of KEUR 71 (previous year: KEUR 184), and revenues from insurance refunds in the amount of KEUR 17 (previous year: KEUR 4).

19. Material Expenses and Cost for Purchased Services

	2018	2017
	KEUR	KEUR
Costs of raw materials, consumables and supplies and for purchased goods	12,432	11,809
Cost for purchased services	10,612	7,555
	23,044	**19,364**

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.

20. Number of Employees and Personnel Expenses

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

	2018	2017
Salaried employees	1,253	949
Senior staff	27	26
	1,280	**975**

Personnel costs developed during the fiscal year as follows:

	2018	2017
	KEUR	KEUR
Wages and salaries	63,667	57,526
Social security contributions and expenses for pension costs	12,725	10,023
	76,392	**67,549**

21. Other Operating Expenses

The other operational expenditures are as follows:

	2018	2017
	KEUR	KEUR
Operating costs	5,694	5,077
Sales costs	3,892	3,575
Administration costs	5,445	4,163
Other operating expenses	4,207	3,252
	19,238	**16,067**

The other operating expenses refer mainly to reserves for value adjustments in the amount of KEUR 2,464 (previous year: KEUR 1,128), depreciations and losses of trade receivables in the amount of KEUR 126 (previous year: KEUR 205), contributions of provisions in the amount of KEUR 79 (previous year: KEUR 474) as well as exchange rate losses in the amount of KEUR 65 (previous year: KEUR 257). The other operational expenditures in the table above include payment to the auditing company for the Group Financial Statement as follows:

	2018	2017
	KEUR	KEUR
Audit (individual accounts and Group audit)	138	151
Other audit services	35	26
Other Services	10	0
	183	**177**

The fee for other services relates to business consulting services. In the fiscal year 2018, KEUR 0 (previous year: KEUR 15) were due retroactively for the Group Financial Statement of the previous fiscal year. In addition to the consolidated financial statements, the auditors also audited the year-end closing of NEXUS AG and conducted a voluntary year-end closing of a subsidiary. In addition, a further statutory audit service was performed at another subsidiary.

22. Result from Companies Valuated at Equity

The year-end results of companies valuated at equity, which are due to the NEXUS Group, are shown in the amount of KEUR 0 (previous year: KEUR -3). Expenses from the depreciation of a company valuated at equity were not incurred in the fiscal year (previous year: EUR 0). Due to the dissolution of Palladium-med GmbH, Berlin, a loss of KEUR 5 of the book value of the investment took place.

23. Finance Income

From finance income, KEUR 38 (previous year: KEUR 77), KEUR 34 (previous year: KEUR 56) are revenue from securities, KEUR 0 (previous year: KEUR 3) interest revenue from bank deposits, and KEUR 4 (previous year: KEUR 18) other interest receivable and similar income. There was no income from write-ups of securities from current assets in the fiscal year as in the previous year.

24. Finance Expenses

From finance expenses of KEUR 290 (previous year: KEUR 111), KEUR 5 (previous year: KEUR 7) are interest expenses from bank loans, KEUR 119 (previous year: KEUR 8), write-offs and losses of current-asset securities and KEUR 166 (previous year: KEUR 96) other interest receivable and similar expenses.

25. Taxes on profit

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 2018, 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 and customer relationships/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:

	2018	2017
	KEUR	**KEUR**
Current tax expenses	-3,282	-2,079
- Current year	-3,425	- 2,269
- Previous years	143	190
Deferred tax expenses/income	-651	-1,047
- Creation/reversal of deferred differences	-651	-1,047
	-3,933	**-3,126**

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 16.64 % 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: 30.77 %) on the result according to IFRS. The relation of the expected tax expenses to the tax expenses, which results from the Group Profit and Loss Account, shows the following transitional calculation:

	2018	2017
	KEUR	**KEUR**
Result before tax on profit	14,929	13,282
Expected tax expenses 30.54 % (previous year: 30.77 %)	-4,559	-4,086
Change of non-capitalized deferred taxes on losses carried forward	-145	252
Tax rate differences at subsidiaries	593	552
Deviations from expenditures not deductible from taxes	-90	-24
Previous year taxes and other deviations	268	179
Tax expenses according to the Group profit and loss statement	**-3,933**	**-3,127**
Actual tax expenses	26.3	23.5

26. 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 15,733 thousand (previous year: 15,742 thousand) was used as the based for calculating the watered result per share.

	2018	2017
Group result (Group share) in KEUR	10,921	9,832
Undiluted average of issued shares in circulation (in thousands)	15,733	15,719
Result per share in euros (undiluted)	0.69	0.63
Diluted average of issued shares in circulation (in thousands)	15,733	15,742
Result per share in euros (diluted)	0.69	0.62

The weighted average of common shares (undiluted and diluted) for the fiscal years 2018 and 2017 is calculated as follows:

	Common shares		Buyback (-) of own shares		Issue (+) of own shares		Total of common shares	
	2018	2017	2018	2017	2018	2017	2018	2017
January	15,728,675	15,719,693	3,557	2,699			15,725,118	15,716,994
February	15,725,118	15,716,994	11,945				15,713,173	15,716,994
March	15,713,173	15,716,994	0		30,000	1,100	15,743,173	15,718,094
April	15,743,173	15,718,094	0				15,743,173	15,718,094
May	15,743,173	15,718,094	1,839		942		15,742,276	15,718,094
June	15,742,276	15,718,094	2,480		3,234		15,743,030	15,718,094
July	15,743,030	15,718,094	3,173		602		15,740,459	15,718,094
August	15,740,459	15,718,094	4,200		1,542		15,737,801	15,718,094
September	15,737,801	15,718,094	3,517		0		15,734,284	15,718,094
October	15,734,284	15,718,094	8,635		430	150	15,726,079	15,734,810 [1]
November	15,726,079	15,734,810	11,439	5,435	0	1,487	15,714,640	15,730,862
December	15,714,640	15,730,862	1,794	2,187	0		15,712,846	15,728,675
	Total		**52,579**	**10,321**	**36,750**	**2,737**	**188,776,052**	**188,654,993**
Average (undiluted)							**15,733,273**	**15,718,876**
Effect of shares from AOP 2015-2017							**-**	**23,556**
Average (diluted)							**15,733,273**	**15,742,432**

[1] 2017: Increase in ordinary shares by 16,566 shares from a capital increase.

27. 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.

28. Cash Flow from Current Business Transactions

The cash flow from current business activities decreased from KEUR 21,677 to KEUR 20,241 in 2018. The decrease is mainly due to changes in provisions and paid revenue tax.

29. Cash Flow from Investment Activities

The cash flow from investment activities is KEUR -18,743 (previous year: KEUR -9,416). Payments for investments in intangible fixed assets and payments for acquired companies and the increase in shares in already controlling subsidiaries were the focus of investment activities.

30. Cash Flow from Financing Activities

The cash flow from financing activities in the amount of KEUR -2,859 (previous year: KEUR -2,133) was decisively influenced by dividend payments of KEUR 2,519 (previous year: KEUR 2,358) to our shareholders, payments for the purchase of own shares of KEUR 1,345 (previous year: KEUR 239). This is offset by pay-in transactions from the sale of own shares of KEUR 1,005.

31. Cash Position

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

As of 31 December 2018, the Group had cash and cash equivalents in the amount of KEUR 25,430 (2017: KEUR 26,536). 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. When IFRS 9 was applied for the first time, the Group recognized an impairment loss of KEUR 26 as of 31 December 2018.

The Group applies the general model according to IFRS 9 to measure the expected credit losses, which means that the expected credit losses over the term are referenced. The default risk is not insured. The adjustment of the impairment determination as of 1 January 2018 resulted a reduction in the Group’s retained earnings. The increase in risk provisioning amounts to KEUR 27.

	KEUR
Impairment losses as of 31 December 2017 according to IAS 39	-
Impairment losses on cash and cash equivalents as of 1 January 2018	27
Impairment losses as of 1 January 2018 according to IFRS 9	27

Development of valuation adjustment on cash and cash equivalents	KEUR
Impairment losses as of 1 January 2018 according to IFRS 9	27
Development of impairment on cash and cash equivalents	-1
Impairment losses as of 31 December 2018 according to IFRS 9	26

32. Segmenting according Business Divisions

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 Group 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 GmbH. SAP-HCM consultations are mainly offered under the brand nexus/switspot GmbH. 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:

	2018	2017
	KEUR	KEUR
Sales		
Germany	73,700	66,178
Switzerland / Liechtenstein	29,681	28,447
Netherlands	14,231	14,037
Poland	6,898	0
France	5,542	5,165
Austria	2,150	2,230
Other regions	4,267	3,026
	136,469	**119,083**
Fixed assets (without financial assets)		
Germany	64,393	53,521
Netherlands	17,354	18,045
Switzerland	24,323	14,905
Poland	9,186	0
France	4,397	5,081
Spain	2,793	2,971
Austria	3	2
	122,449	**94,525**

33. 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). At the balance sheet date (previous year: no individual claim greater than EUR 1 million), the Group has a concentrated default risk of an individual claim in the amount of KEUR 25,927 in connection with the acquisition of Swisslab DITS GmbH. As of 31 December 2018, a risk provision for trade receivables pursuant to IFRS 9 amounting to KEUR 4,225 was formed (previous year: impairment losses on trade receivables in the nominal value of KEUR 2,914). The default risk is limited to the book value (KEUR 31,212; previous year: 24,465)

Liquidity Risks

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

There are no liabilities to banks in the Group.

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 book values. 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
	31/12/2018 (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	9,000 (0)	9,000 (0)	0 (0)	0 (0)
Trade accounts payable	7,070 (5,607)	7,070 (5,607)	0 (0)	0 (0)
Others	34,964 (13,896)	16,308 (8,823)	18,656 (5,073)	 (0)
Total	**51,034 (19,503)**	**32,378 (14,430)**	**18,656 (5,073)**	**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.

Fair value

The financial instruments of the Group not shown in the balance sheet at the current value primarily concern claims from deliveries and services, payment means and payment mean equivalents, credit in current account, liabilities from deliveries and services and other liabilities. The book value of the payment means and payment mean equivalents is very close to the fair value due to the short term of these financial instruments. The book value based on historic purchase costs is also very close to the current fair value for claims and debts, which are subject to normal trade credit conditions.

Transaction Risk

NEXUS AG invoiced approx. 29.9 % of its sales outside of the euro sphere in 2018 (previous year: 26.4 %). 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 2018, the Group had a portfolio of Swiss francs in the amount of KCHF 9,492 = KEUR 8,425 (31 December 2017 KCHF 8,727 = KEUR 7,464) and a holding of PLN in the amount of KPLN 1,256 = KEUR 292 (31 December 2017: KPLN 0 = KEUR 0).

As of December 31, 2018, trade receivables in foreign currency of KNOK 64 = KEUR 6 (31 December 2017: KNOK 20 = KEUR 2), KPLN 12,636 = KEUR 2,940 (31 December 2017: KPLN 0 = KEUR 0), KGBP 105 = KEUR 117 (31 December 2017: KGBP 0 = KEUR 0) and KCHF 3,260 = KEUR 2,894 (31 December 2017 KCHF 2,871 = KEUR 2,455).

The trade accounts payable in foreign currency were KCHF 1,700 = KEUR 1,509 (31 December 2017; KCHF 980 = KEUR 838), KGBP 10 = KEUR 11 (31 December 2017: KGBP 0 = KEUR 0), KPLN 10,442 = KEUR 2,433 (31 December 2017: KPLN 0 = KEUR 0) as well as KGBP 105 = KEUR 117 (31 December 2017: KCHF 0 = KEUR 0). 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 0). 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 11 (previous: KEUR 0). 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 80 (previous: KEUR 0). 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 981 (previous year: KEUR 162).

Translation Risk

The headquarters of the subsidiaries NEXUS Medizinsoftware und Systeme AG (100.00 %, previous year: 100.00 %), NEXUS Schweiz AG (100.00 %), Synergetics AG (60.00 %), Creativ Software AG (80.00 %) and highsystem ag (95.00 %), NEXUS POLSKA sp. z o.o. (100.00 %) are outside the euro area. Because the reporting currency of the NEXUS Group 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 decreases in value of KEUR 119 (previous year: impairment KEUR 7), which are entered in the position Finance Expenses. Profits are shown under Finance Income.

The net profits / losses of the category AC contain losses from decreases in value of KEUR -2,464 (previous year: KEUR -1,333). These are shown in item Other Operating Expenses. Profits from value adjustments in the amount of KEUR 605 (previous year: KEUR 347) 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:

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

[1] The securities are assigned to the FVTPL category in 2018 (in the previous year according to IAS 39 as AfS not affecting net income).

	2017
	KEUR
FVTPL (HfT)	0
Net change of fair value of derivative financial instruments	0
AfS	-7
Net change of fair value of securities	-1,149
LaR	-1,149
Net change of fair value of receivables	-1,149
	-1,156

Finance Income / Expenditures from Financial Instruments

Interest income/expenses from financial instruments, which were not valuated with fair value as revenue, were as follows in the fiscal year 2018:

Finance Income/Expenditures from Financial Instruments	**2018**	**2017**
	KEUR	**KEUR**
Finance Income	38	77
Finance Expenses	290	111
	-252	**-34**

Finance revenue refers to financial instruments of the category FVTPL with KEUR 34 (previous year: KEUR 56). Finance expenses refers to financial instruments of the category AC with KEUR 171 (previous year: category LaR, KEUR 7). In addition, financial expenses include KEUR 119 (previous year: KEUR 5) write-offs on securities.

Reporting by Business Segments	Healthcare Software		Healthcare Service		Consolidation		Group	
	2018	2017	2018	2017	2018	2017	2018	2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Revenue								
Sales with third parties	125,904	107,954	10,565	11,129			136,469	119,083
- Services	98,434	82,658	9,567	10,249			108,001	92,907
- Licenses	20,728	20,224	656	715			21,384	20,939
- Deliveries	6,742	5,072	342	165			7,084	5,238
Sales between segments	139	60	5,224	2,931	-5,363	-2,991	0	0
Segment sales	126,043	108,014	15,789	14,060	-5,363	-2,991	136,469	119,083
Operating segment result	13,930	12,030	1,251	1,289			15,181	13,319
Revenue from companies valuated at equity							0	-3
Finance Income	37	74	1	3			38	77
Finance Expenses	-279	-104	-11	-7			-290	-111
Result before tax on profit							14,929	13,282
Taxes on profit							-3,933	-3,126
Consolidated surplus							**10,996**	**10,156**
Of which to the account of								
– Stockholders of NEXUS AG							10,921	9,832
– Shares of non-controlling partners							75	324
Segment assets	145,256	112,670	6,302	5,964			151,558	118,634
Financial assets							26	31
Other assets							29,323	3,126
Deferred tax assets							3,860	2,169
Receivables from tax on profits							1,511	783
Cash and balance in bank							25,430	26,536
Total assets							**211,708**	**151,279**
Segment debts	78,848	35,772	2,041	2,745			80,889	38,517
Financial liabilities							9,000	0
Liabilities from tax on profit							1,615	1,126
Deferred revenue							4,660	2,391
Deferred tax liabilities							7,219	6,236
Total liabilities							**103,383**	**48,270**
Investments	7,351	7,768	303	320			7,654	8,088
Depreciation	11,136	10,006	391	396			11,527	10,402

As of 31/12/2018 in KEUR	Valuation category According to IAS 39	Valuation category according to IFRS 9	Fair value	Book value	Valuation base on the balance sheet according to valuation category IFRS 9	
	Valuation	Valuation	as of 31/12/2018	as of 31/12/2018	FVTPL (HfT)	AC
Assets						
Securities	at current fair value	at current fair value	1,586	1,586	1,586	-
Cash and credit balances at banks	at amortized costs	at amortized costs	25,430	25,430	-	25,430
Trade 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 self-generated non-financial assets	at amortized costs	at amortized costs	27,405	27,405	-	27,405
			81,408	**81,408**	**1,586**	**79,822**
Liabilities						
Financial liabilities	at amortized costs	at amortized costs	9,000	9,000	-	9,000
Trade accounts 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 self-generated financial liabilities [1]	at amortized costs	at amortized costs	41,343	41,343	-	41,343
			62,812	**62,812**	**-**	**62,812**

As of 31/12/2017 in KEUR	Class According to IFRS 7.6	Fair value	Book value	Valuation base on the balance sheet according to valuation category IAS 39			
	Valuation	as of 31/12/2017	as of 31/12/2017	FVTPL (HfT)	AfS	LaR	FLAC
Assets							
Securities	at current fair value	1,849	1,849	-	1,849	-	-
Cash and credit balances at banks	–	-	26,536	-	-	-	-
Trade receivables	at amortized costs	21,686	21,686	-	-	21,686	-
Other self-generated non-financial assets	at amortized costs	930	930	-	-	930	-
		24,465	**51,001**	**-**	**1,849**	**22,616**	**-**
Liabilities							
Trade accounts payable	at amortized costs	5,607	5,607	-	-	-	5,607
Other self-generated financial liabilities [1]	at amortized costs	20,155	20,155	-	-	-	20,155
		25,762	**25,762**	**-**	**-**	**-**	**25,762**

[1] This position shows the conditional purchase price of KEUR 19,856 (previous year: KEUR 5,145), which was rated at the fair value of Class 3 (see Note 15). The fair value corresponds to acquisition costs carried forward.

The following overview presents the financial instruments carried in the balance sheet at the adjusted current fair 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 (used unchanged) 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 class 1.

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

				31/12/2018
	Class 1	Class 2	Class 3	Total
Financial assets	1,586	0	0	1,586
Securities	1,586	0	0	1,586

				31/12/2017
	Class 1	Class 2	Class 3	Total
Financial assets	1,849	0	0	1,849
Securities	1,849	0	0	1,849

Explanation of the abbreviations

FVTPL (HfT)
Financial assets evaluated as revenue at the adjusted value at the time / liabilities (kept for trading purposes)
AfS
Financial assets available for sale
LaR
Loans and Receivables
FLAC
Financial liabilities, which are valued at cost less depreciation

34. Contingent liabilities

There were no contingent liabilities on 31 December 2018 as was the case on the cut-off date in the previous year.

35. Relation to Closely Affiliated Companies and Persons

Affiliated 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, for the Group during the reporting period. Sales were made in the amount of KEUR 55 (previous year: EUR 60), 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. With Palladium-med GmbH, Berlin, which was dissolved as of 31 December 2018 (previous year: Associated company), sales amounted to KEUR 16 (previous year: KEUR 5) and no purchases were made. There were outstanding trade receivables in the amount of KEUR 4 on the cut-off date (previous year: KEUR 4) and there were no outstanding trade payables as in the previous year. Due to the dissolution of Palladium-med GmbH, Berlin, a loss of KEUR 5 of the book value of the investment took place.

Affiliated Persons

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 2018, the expenses for such service fees amounted to KEUR 121 (previous year: KEUR 72). There were outstanding trade accounts payables in the amount of KEUR 0 on the balance sheet cut-off date (previous year: KEUR 2). In addition, Group companies provide services to Supervisory Board members and invoice them in line with customary market conditions. In 2018, the revenues from such services amounted to KEUR 85 (previous year: EUR 99). There were outstanding trade account receivables in the amount of KEUR 24 on the balance sheet cut-off date (previous year: KEUR 14). 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 2018 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.

36. Organs of the Group

The following persons are members of the Supervisory Board:

+ Dr. jur. Hans-Joachim König, Singen; Chairperson
+ Prof. Dr. Ulrich Krystek, Hofheim; Deputy Chairperson
+ MBA (FH) Wolfgang Dörflinger, Constance
+ Prof. Dr. Alexander Pocsay, St. Ingbert
+ Gerald Glasauer, Business Economist, Obersulm
+ Prof. Dr. med. Felicia M. Rosenthal, Freiburg

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

The Executive Board:

+ Dr. Ingo Behrendt, Constance; Chief Executive Officer
+ MBA Ralf Heilig, Kreuzlingen (CH); Chief Sales and Marketing Officer
+ Graduated Engineer Edgar Kuner, St. Georgen; Chief Development Officer

The total salaries of the Executive Board are as follows:

	2018	2017
Salary components	**KEUR**	**KEUR**
Non-performance-related components	707	672
a) Short-term services	682	647
b) Benefits after termination of employment	25	25
Performance-related components without long-term incentives	420	400
Performance-related components with long-term incentives	191	0
Total	**1,318**	**1,072**

The remuneration granted to the Executive Board in the year under review amounted to KEUR 1,318 (previous year: KEUR 1,072). This includes KEUR 25 (previous year: KEUR 25) for the pensions of the Executive Board.

37. Events after the balance sheet date

There were no events requiring reporting after the balance sheet key date.

38. Statement in line with Section 161 German Stock Corporation Law about Corporate

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, 4 March 2019

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, 04 March 2019

NEXUS AG
The Executive Board

Independent Auditor's Report

To Nexus AG, Donaueschingen

Report on the Audit of the Consolidated Financial Statements and the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of **NEXUS AG, Donaueschingen**, and its subsidiaries (the Group) – which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of income and the consolidated statement of income comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of NEXUS AG, Donaueschingen, for the fiscal year from 1 January to 31 December 2018. In accordance with the requirements of German law, we have not audited the content of the Non-Financial Statement (of the Group) published separately on the website of the Company and the Declaration on Corporate Governance (of the Group), also published on the website of the Company, which are referred to in the section of the group management report titled "Separate non-financial statement (of the Group)" and "Declaration (of the Group) on Corporate Governance (of the Group) and delclaration of conformity".

In our opinion, on the basis of the knowledge obtained in the audit,

+ the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018, and of its financial performance for the financial year from 1 January to 31 December 2018, and

+ the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion does not extend to the components of the management report whose content we, as described above, have not audited.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

We summarize what in our view are the key audit matters below:

1. Impairment testing of goodwill
2. Acquisition and first-time consolidation of NEXUS POLSKA sp. z o.o., ASTRAIA Software GmbH, Creativ Software AG and Swisslab DITS GmbH
3. Recognition of revenue from services and software maintenance as well as royalties

Re 1. Impairment testing of goodwill

a) The risk for the financial reporting

Goodwill of EUR 73.5 million is carried in the consolidated financial statements of the NEXUS AG under the line item "Goodwill". This corresponds to 34.7 % of the Group's total assets. Goodwill is subject to an impairment test on the reporting date of each fiscal year.

The annual impairment test of goodwill is based on the discounted cash flow method at the level of the smallest cash-generating unit. If the carrying amount of goodwill is above its recoverable amount, an impairment loss must be recorded. Reference is made to sections 2.4 and 4 of the notes to the consolidated financial statements for more information on goodwill and impairment testing.

The application of the discounted cash flow method to measure the value-in-use of a cash-generating unit is complex and depends – to a large degree – on discretionary judgments on the part of the executive directors in terms of the future cash flows from the anticipated development of business and earnings of the cash-generating unit over the planning horizon as well as the determination of the discount rate.

In this regard there is a risk for the financial reporting that a potential need to record an impairment loss is not identified on the reporting date. In our professional judgement, this therefore constitutes a key audit matter.

b) Auditor's response and conclusions

In order to assess the appropriateness of the planning assumptions we obtained an understanding of the planning process and the corresponding controls in the course of interviews of the management board and the employees responsible for the planning. We compared the planning figures used for the impairment test with the business planning drawn up by the management board and ratified by the supervisory board.

The reliability of the business planning was assessed using a retrospective comparison of the deviations between the budget figures underlying the valuation performed in the prior year and the actual figures posted in fiscal year 2018. Where any significant deviations were identified we discussed these with the applicable employees of the NEXUS AG in terms of their relevance for the financial statements of the reporting year.

We assessed the appropriateness of the methods and key parameters used by the Company in the calculation, which include the discount rate (weighted average cost of capital), the market risk premium, the applicable beta and the growth factor, with the assistance of our valuation specialists.

In order to ensure the clerical accuracy of the valuation method applied by the Company we verified the calculations by assessing selected elements on a risk-oriented basis.

In addition, we reviewed whether the carrying amount of the respective cash-generating units has been properly determined on the basis of the assets and liabilities to be considered on the reporting date.

We verified the sensitivity analyses performed by the Company for the cash-generating units, which examine a change in the discount rate and the cash flows, and assessed their clerical accuracy.

In our professional judgement, the calculation method applied by NEXUS AG for its impairment testing is appropriate for determining a potential need to record an impairment loss. In sum, the parameters and assumptions used in the valuation appear verifiable and appropriate and agree with our expectations.

Re 2. Acquisition and first-time consolidation of NEXUS POLSKA sp. z o.o., ASTRAIA Software GmbH, Creativ Software AG and Swisslab DITS GmbH

a) The risk for the financial reporting

The Nexus Group acquired a majority stake in four companies in fiscal year 2018, namely: NEXUS POLSKA sp. z o.o. (55 % holding), ASTRAIA Software GmbH (61 % holding), Creativ Software AG (80 % holding) and Swisslab DITS GmbH (100 % holding). In the case of NEXUS POLSKA sp. z o.o. the purchase agreement contains put/call options for the acquisition of the remaining 45 % of the shares. In the case of ASTRAIA Software GmbH there are also put/call options available for the remaining 39 % of the shares and in the case of Creativ Software AG for the remaining 20 % of the shares.

The total consideration paid for the four acquisitions amounts (after currency translation) to EUR 33.6 million. Total goodwill amounts (after currency translation) to EUR 23.7 million.

Within the framework of the purchase price allocation, the acquired assets and liabilities must be identified and measured on the basis of assumptions that are necessarily subject to discretionary judgments. Additional discretionary judgements are related to the purchase price installments expected for the future in connection with the put/call options.

Reference is made to the comments on business combinations in section 3 of the notes to the consolidated financial statements for more information on the entities acquired in the fiscal year.

In light of the complexity of the underlying contractual framework and the large degree of discretionary judgement involved, there is a risk for the financial reporting that the assets and liabilities acquired in the business combinations have not been properly identified or measured. By analogy, this also applies to the purchase price installments expected for the future and the amount of goodwill remaining in the course of the purchase price allocation. In our professional judgement, these items therefore constitute a key audit matter.

b) Auditor's response and conclusions

Within the course of our audit we initially examined the terms and conditions of the underlying purchase agreements. Thereafter, we assessed the concept applied by Nexus AG to completely and properly identify and measure the assets and liabilities acquired in the business combinations as well as the proper calculation of future purchase price installments. We drew on the assistance of our valuation specialists to assess the concept (valuation model and parameters) that was used to calculate the identified assets and liabilities and future purchase price installments.

After we had assessed the concept and found it to be appropriate, we audited whether the identification and measurement procedures corresponded to the concept developed by NEXUS AG.

Generally, intangible assets, such as technology and customer relationships were identified in the course of the purchase price allocation. We verified the assumptions relating to customer relationships and technology on the basis of the contractual documents, other documentation provided to us and in interviews of the management board and the at NEXUS AG in charge of drawing up the purchase price allocation.

Thereafter we reviewed whether the figures determined on this basis were correctly reflected in the consolidated statement of financial position.

In our professional judgement, the concept applied by NEXUS AG to identify and measure the assets and liabilities acquired in the business combinations and to measure future purchase price installments is suitable to allow the items to be properly reflected in the consolidated financial statements. The assumptions applied by the Company are appropriate.

Re 3. Recognition of revenue from services and software maintenance as well as royalties

a) The risk for the financial reporting
The Group generates most of its revenue from rendering services and software maintenance as well as from selling licenses to software products to its customers. An amount of EUR 129.4 million of the total revenue of EUR 136.5 milion was generated from these revenue streams in the reporting year.

In accordance with IFRS 15, revenue from the sale of licenses is recognized when the contract performance obligations (supply of the license) are satisfied, which occurs upon control passing to the customer, it is probable that the consideration will be collected and the transaction price can be reliably determined. The revenue allocable to services is recognized as soon as the contractual performance is satisfied and the customer can draw substantially all of the benefits from the service. Revenue from software maintenance is recognized over time, namely over the term of the contract.

The Group offers customers combinations of its goods and services in the form of multiple element arrangements.

If the contractual performance obligations in such multiple element arrangements do not constitute a single customer-specific production contract in the sense of IFRS 15, the Group recognizes the respective revenue when the corresponding element of the contract is supplied or rendered. In the case of multiple element arrangements for customer-specific contracts, revenue is recognized over time using the percentage of completion method.

Reference is made to section 2.4 of the notes to the consolidated financial statements on accounting policies for explanations of the revenue recognition practised by the Nexus Group.

Revenue recognition as prescribed by IFRS 15 is based on estimates. In addition, there is a risk for the financial reporting that revenue is not correctly matched to the correct accounting period. In light of the above, and based on our professional judgement, the items constitute a key audit matter.

b) Auditor's response and conclusions
We assessed the accounting policies applied by the NEXUS Group for the recognition of revenue in terms of the requirements of IFRS 15.

Moreover, we examined the control environment with regard to the recognition of revenue for the various contractual obligations and whether revenue has been correctly recognized and matched. In the middle of 2018 major automated controls were introduced at the Nexus Group in the field of revenue recognition. Within the framework of our audit of the effectiveness of the controls, no significant exceptions were identified. In light of the fact that these controls were introduced in the course of the year and could not therefore be applied for the full year, we conducted assertion-based audit procedures for the revenue recognized in the first six months of the reporting year, in addition to our audit of the system of internal controls.

The revenue transactions were selected using a layered random sampling basis by which both the largest transactions and also small-volume transactions were chosen from the predefined layers. For this selection we requested the contractual framework, the corresponding evidence that the performance obligations had been satisfied (evidence that control had passed to the customer) and the invoices issued to customers. On this basis we audited whether revenue had been correctly recognized and matched to the correct accounting period.

In addition, based on information from the responsible employees of the NEXUS AG we identified customer contracts to be recognized over time. For these contracts we examined the criteria for recognition at a point in time or over time as well as the appropriate calculation of the percentage of completion.

In addition, for selected revenue transactions, we conducted analytical audit procedures on the transactions and, using a layered sampling method, requested confirmations of balances from the respective customers to verifiy the trade receivables recognized by the NEXUS Group as of the reporting date (and therefore also the corresponding revenue). In the event of discrepancies or when no confirmation of the balance could be obtained, we conducted alternative audit procedures (e.g. reviewed incoming payments on the bank statements). In order to ensure that revenue was correctly matched at year-end, we reviewed a conscious selection (largest amounts) of invoices and the evidence that contractual performance obligations had been satisfied for the revenue recognized in December 2018 and January 2019 (cut-off audit).

In our professional judgement, the recognition and measurement policies applied by the NEXUS Group to recognize revenue are suitable to allow revenue to be properly presented in the consolidated financial statements. In addition, we are satisfied that the processes and controls that have been installed are suitable for ensuring the proper recognition of revenue.

Other Information

The executive directors are responsible for the other information. The other information comprises:

+ The non-financial statement (of the Group) published separately on the website of the Group which is referred to in the section on the "Non-financial statement (of the Group)" in the group management report.
+ The declaration (of the Group) on corporate governance published on the website of the Group which is referred to in the "Declaration (of the Group) on corporate governance and declaration of conformity" in the group management report.
+ The remaining parts of the annual report, with the exception of the audited consolidated financial statements, group management report and our auditor's report and
+ The confirmation pursuant to Sec. 297 (2) sentence 4 HGB regarding the consolidated financial statements and the confirmation pursuant to Sec. 315 (1) sentence 5 HGB regarding the group management report.

Our audit opinions on the consolidated financial statements and the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

+ is materially inconsistent with the consolidated financial statements, the elements of the group management report whose content was audited, or our knowledge obtained in the audit, or
+ otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

+ Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

+ Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

+ Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

+ Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

+ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

+ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

+ Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

+ Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as the independent auditors of the separate and consolidated financial statements by the annual general meeting on 27 April 2018. We were engaged by the Chairman of the Audit Committee of Nexus AG, Donaueschingen, on 28 May 2018. We have been the independent auditor of the consolidated financial statements of NEXUS AG, Donaueschingen, since fiscal year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the audit engagement is Ms. Klaudija Held.

Stuttgart, March 4, 2019

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Christoph Eppinger	Klaudija Held
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

NEXUS AG, Irmastraße 1, D-78166 Donaueschingen
Tel. +49 771 22960-0, Fax +49 771 22960-226
www.nexus-ag.de, info@nexus-ag.de