

liabilities, incoming and outgoing payments for the sale and purchase of treasury stock and the acquisition of non-controlling interests of already fully consolidated companies.

No loans were taken from banks in the fiscal year. Existing credit lines at banks did not have to be used. We manage the liquidity of NEXUS primarily via a cash-pool system in which almost all subsidiaries operating in Germany are included. This allows cash surpluses and requirements to be balanced and the number of external banking transactions to be minimised. Free liquidity is invested centrally via the parent company at the best possible conditions.

__ Investments / Acquisitions

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

__ Principles and Objectives of Financial Management

NEXUS financial management targets ensuring the financial stability and flexibility of the company. A balanced ratio between own and outside capital plays an essential role in this. The capital structure of NEXUS Group is composed of 62.8% equity capital, 16.3% long-term debts and 20.9% short-term debts. The long-term debt consists of pension obligations and other non-current liabilities. The current liabilities essential concern accruals, other financial liabilities and trade payables.

INFORMATION RELEVANT TO ACQUISITIONS

__ Composition of Subscribed Capital and Stock Exchange Listing

NEXUS AG is listed on the Frankfurt securities market in Prime Standard under securities identification number (WKN) 522090. The subscribed capital in the amount of EUR 17,274,695.00 (previous year: EUR 17,274,695.00) is composed of the following: Common stocks: 17,274,695 shares (previous year: 17,274,695 shares) at the accounting par value of EUR 1.00 each. Refer to the German Stock Corporation Law (Subsection 8 ff AktG) for information about the rights and obligations with respect to the individual den share certificates. A total of 17,264,609 shares (previous year: 17,229,256) have been issued as of the cut-off date.

__ Type of voting right control in the case of employee participations

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

__ Appointing and dismissing Executive Board members and amendments to the articles of incorporation

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

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

With its resolution on 16/05/2023, the Annual General Meeting of Nexus AG authorized the Executive Board to purchase treasury stocks up to a total amount of 10% of the capital available upon convocation of the Annual General Meeting prior to 30/04/2028, namely to purchase a maximum of 1,727,469 no-par value shares with a respective book value of EUR 1.00. The Executive Board is authorized to redeem the purchased treasury shares with the approval of the Supervisory Board without further shareholders' resolution as well as the shareholders' subscription rights in the case of the use of the treasury shares subject to the detailed provisions of point 8 from the agenda of the Nexus AG Annual General Meeting, as published in the Federal Gazette on 04 April 2023. The hitherto existing authorization of 12 May 2017 was thus revoked.

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

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

__ Authorized capital

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

- + For fractional amounts
- + For issue of new stocks to employees of the company or an affiliated company
- + For issue of new stocks against capital subscribed in kind for purchase of companies, company parts or shares in companies

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

CORPORATE GOVERNANCE STATEMENT AND COMPLIANCE STATEMENT

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

SEPARATE NON-FINANCIAL STATEMENT

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

OPPORTUNITIES AND RISKS

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

In addition, NEXUS is confronted with short-term, mid-term and long-term strategic and operative risks as a result of changes and stumbles within the regulatory environment of the industry and the in-house provision of services. Risks from the war in Ukraine, the energy crisis and the COVID-19 pandemic exist currently in addition. Although NEXUS successfully managed the risks in 2023 and before that, the further course of crises could result in reduced revenues, higher costs, customer solvency issues and/or staff availability issues. NEXUS has focused risk management on all these aspects. The opportunities and risks listed below pertain to all three segments of the NEXUS Group.

___ Opportunity Report

Market and industry environment:

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

According to the current forecast of the research and consulting firm Gartner, European IT spending is expected to rise by 9.3% to € 1.1 billion next year. Even more significant growth is seen in the area of enterprise software, which is expected to increase by approx. 14.5%.

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

Even if the figures do not provide direct information about revenue effects in relation to NEXUS Group, NEXUS assumes that the target group (somatic and psychiatric hospitals, medical care centers, rehabilitation, senior citizen and nursing homes as well as diagnostic center) will also continue to participate in the trend to increasing

investments in business software. This provides considerable chances for NEXUS to achieve above-average growth. We therefore continue to be well equipped to take advantage of the opportunities on the market, attract new customers and improve our margin.

Technology and market position:

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

__ Risk Report

__ Basic principles

__ Risk management

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

__ Identification

NEXUS has identified the following risk groups:

- + Customer projects
- + Development projects
- + Lack of market acceptance of products
- + Expertise leaving the company
- + Risks of information security
- + Reputation

- + Data security and data protection
- + Occupational safety
- + Process risks
- + Regulatory and tax risks
- + Fraud risk
- + Development of subsidiaries
- + Macroeconomic and political risks

__ Organization

Reporting, documentation and development of measures are regulated in the risk manual of Nexus AG. The Executive Board checks its implementation at regular intervals. In 2023, nine risk reports were submitted to the Executive Board from the offices responsible for them, and the Executive Board evaluated them.

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

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

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

__ Valuation and control

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