

# 05 \_\_ Group Management Report of Nexus AG

## BASIC PRINCIPLES OF THE GROUP

### \_\_ Business model

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

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

- + **RVC Software:** Medical diagnostics,
- + **NEXUS / VITA and TESIS VITA:** Complete information system for In-vitro clinics,
- + **NEXUS / ESKULAP:** Complete information system for somatic and psychiatric institutions in Poland,
- + **One ICT:** ICT infrastructure installations,
- + **PathoPro:** Information system for pathological laboratories,
- + **IBS:** Findings communication solution,
- + **Heimsoft:** Resident administration for the nursing home sector,
- + **Wintime 2000:** Workforce deployment planning,
- + **GEPADO Xpro:** Software solution for genetic laboratories,
- + **Maris\_Voice recognition\_B|Flow\_GLASS:** Documentation and telemedicine systems in the healthcare sector,
- + **VIREQ LabGate:** Laboratory communication for senders,
- + **VIREQ conGATE:** Integration solutions with Mirth Connect,
- + **NEXUS / Schauf:** Digital patient guidance and call systems,
- + **Smart Liberty:** Mobile nurse and alarm call in long-term care,
- + **Solus:** Findings information system for specialised diagnostics,
- + **OpenLIS:** Laboratory information system for the Spanish market.

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 and has an integration platform.

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

NEXUS Group is represented at the sites Donaueschingen, Berlin, Dossenheim, Nuremberg, Frankfurt am Main, Freiburg im Breisgau, Hanover, Dresden, Magdeburg, Ismaning, Lindenberg, Heiligenhaus, Gladbeck, Saarbrücken, Otterberg, Ulm, Jena, Kassel, Neckarsulm, Offenburg, Ratingen, Münster, Frechen, Singen (Hohentwiel), Siegburg, Langenfeld, Brandenburg a. d. H., Illingen, Vienna (AT),

Antwerpen (BEL), Wallisellen (CH), Widnau (CH), Schenkon (CH), Basel (CH), Lugano (CH), Zürich (CH), Le Landeron (CH), Salenstein (CH), Grenoble (F), Vichy (F), Baarn (NL), Nieuwegein (NL), Amersfoort (NL), Barcelona (ES), Bishop's Stortford (UK), Dublin (ROI), Fort Lauderdale (USA), St. Paul (USA), Oklahoma City (USA) as well as Sabadell (ES) and Posen (PL). Nexus AG sets the decisive strategic orientation of the Group.

The following changes were made in the ownership structure in 2024:

- + Nexus AG purchased 100% of HD Clinical Ltd., Bishop's Stortford (United Kingdom) on 03/11/2024.
- + Nexus AG purchased 100% of HD Clinical Ireland Ltd., Dublin (Ireland) on 03/10/2024. The shares are held indirectly through HD Clinical Ltd., Bishop's Stortford (United Kingdom).

TA Associates has secured the vast majority of shares in Nexus AG with the takeover bid published on 18/11/2024. The offer for 16,402,668 NEXUS shares was accepted by the end of the additional acceptance period on 03/01/2025 at midnight, Frankfurt am Main local time. This corresponds to around 94.95% of all NEXUS shares, including a stake of approximately 26.9% that TA has already secured through irrevocable tender agreements with key shareholder of NEXUS.

The settlement of the offer is subject to the usual regulatory conditions, including antitrust and investment control approvals. Subject to the fulfilment of these conditions, settlement of the Offer is currently expected in the first quarter of 2025.

After completion of the offer, TA intends to delist NEXUS from the stock exchange. The Management Board of NEXUS is in favour of the intended delisting.

## \_\_ Control System

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

## \_\_ Research and Development

NEXUS Group does not conduct any of its own research, but instead exclusively software development. In 2024, investments were especially made for developments for the products NEXUS / NAR, NEXUS / AI, NEXUS / HIS<sup>NG</sup>, NEXUS / KIS<sup>NG</sup>, NEXUS / RADIOLOGY<sup>NG</sup>, NEXUS / CWD<sup>NG</sup>, Emed and NEXUS / MOBILE APPS. Additional supplementary products were developed new and launched on the market directly. The NEXT GENERATION software (NG) product platform is being developed within Nexus AG and supported by the creation of a separate development group.

Total expenses for developments in 2024 amounted to KEUR 50,400 in (previous year: KEUR 44,572), and consequently represented 19.3% of sales revenues (previous year: 18.5%). Of the total development expenses, KEUR 4,052 (previous year: KEUR 3,778) were capitalized. This corresponds to a capitalization rate of 8.0% (previous year: 8.5%). Depreciation on capitalized own development costs amounted to KEUR 3,283 (previous year: KEUR 3,807).

For the fiscal year 2025, it is expected that there will be a slight increase of developments requiring capitalization. A total of people 646 were employed in the development sector at the end of the fiscal year (previous year: 612 employees).

## ECONOMIC REPORT

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

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

This view is supported by the German Hospital Future Act (KHZG), the Ma Santé 2022 program in France, DigiSanté in Switzerland and other similar programs in European countries. Significant resources for the digitalization of healthcare have been and will be made available in these programs in the coming years.

The changes on the provider side communicated in 2024 are also resulting in changed general conditions. During the year, various software vendors have discontinued or changed their healthcare offerings. The resulting dissolution dynamics will change market shares over the next few years.

While economic developments are less significant for the business development of the NEXUS Group, it can be seen that the consequences of the Russian war, the energy crisis, the weak economic development in Germany and inflation can result in significant burdens on public finances in European countries and have a retroactive effect on healthcare budgets. Especially in Germany, savings in public budgets are publicly negotiated. This can result in a reduction in the growth expectations of the NEXUS Group in the short and medium term. A reliable forecast of these developments is not possible at this time. However, the ongoing discussions about the hospital reform measures of the German government indicate that there will be changes in hospital financing in Germany.

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

On the basis of the general conditions described above, we also derive the priorities of our corporate development for the coming years.

### \_\_ Technology Trends

The tracking of technological trends remains a key factor in the strategic product development of the NEXUS Group. Technology decisions in software development have a long-term effect and have a decisive influence on the success of the company. In addition to published market observations and our own surveys, we continue to orient ourselves to the reports of renowned research institutes (e.g., Gartner: "Top 10 Strategic Technology Trends for 2025", McKinsey: "Top 15 technology trends unfolding today", CiS Research Institute, PwC "Emerging Tech Trends 2024" or IDC) to create a clear framework for our technology strategy. Based on these assessments, we assessed the relevant trends for the coming years and integrated them into our development strategy.

Furthermore, the afore mentioned institutes agree that the topic of "Artificial Intelligence (AI)" must be at the center of future strategy considerations of software companies and customers. Technological development in this area is particularly dynamic. However, it is also important to observe other general technology trends that can influence our development strategy. In the following sections, we discuss the most important trends in 2025 from our perspective.

#### \_\_ Trend I: AI Imperative

No technology strategy is conceivable without deep integration of AI. Therefore, AI dominates the software strategy of almost all providers and will remain the driving force behind a large number of innovations for the next few years. IDC (International Data Corporation) predicts that more than USD 100 billion will be invested in the development and deployment of AI solutions by 2028. While investments in AI infrastructure still dominate at the moment, it is becoming apparent that AI applications as well as AI-enabled applications will be the future focal points. There are currently a number of trends in the development of AI that are also important for the further development of the NEXUS Group.

#### **Generative AI code generation tools are becoming standard**

AI coding tools can accelerate software development by making predictions about which one- or multi-line code fragments might follow next. Using them to migrate apps to the next generation can contribute significant efficiencies and quality gains. Gartner expects that around 70% of developers will use AI coding tools in 2027.

#### **AI takes over decision-making: Agentification of AI**

A key trend is the increasing "agentification" of generative AI. International studies, e.g., by Deloitte or Gartner, predict that AI systems will no longer only solve isolated tasks in the future, but will act as networked, autonomous agents. For example, these systems are designed to make reliable decisions in areas such as scheduling optimization, medical diagnosis and predictive maintenance without continuous human monitoring. AI-supported systems can not only produce efficiency gains, but also handle complex decision-making

processes. At the same time, the discussion about ethical aspects and data protection is gaining in importance to ensure trust in these increasingly autonomous technologies.

### **User expectations for AI-powered products and services are rising**

Generative AI forces user-experience (UX) designers to meet the increasing expectations of users for AI-controlled products and services. With the increasing proliferation of conversation-based user interfaces, users expect this feature in software products. Failure to provide such a feature will cause acceptance problems.

### **AI is becoming a development partner**

The deep integration of AI into the product lifecycles requires significant process changes in software development. This includes an "AI-first mentality" in development projects, controlled tool selection and a new software engineering role distribution. This includes the intensive integration of AI governance teams in all elements of the AI Security Management Program (AI TRISM).

### **AI becomes a customer**

The use of AI to support purchasing decisions is becoming a reality in many areas. The buying behavior of AI-driven customers is logical and rational. It is very different from marketing and selling to human customers. Setting up technical platforms for machine customers to interact based on new preferences will be a challenge for the future.

Today, the NEXUS development strategy is strongly based on the integration of AI components for development support and, in particular, for product improvement. AI-Assistance already provides modern AI support methods, e.g., in medical report generation, but also in the integration of image analysis AI for medical diagnosis, for example, in radiology and endoscopy.

## **\_\_ Trend II: Enhance Retrieval Augmented Generation (LLMs)**

AI language models (LLMs) such as ChatGPT or GEMINI have led to a wave of applications and successor developments in the last year, which provide great efficiency potential in many areas. In medicine, great opportunities are being created in the areas of patient communication, report generation and research.

The further developments from LLMs to "Small Language Models" (SLMs) or alternative LLMs (such as DeepSeek) are becoming increasingly important, because the resource requirements of current systems are a problem. SLMs operate with significantly lower resource requirements and are often trained with curated data, increasing their effectiveness and relevance in real-world applications. This can also create greater accessibility for developers who do not have the resources needed to train large models. New LLMs here, such as DeepSeek approaches, also provide considerable advantages, since their development and resource costs only represent a fraction of those of existing LLMs according to current information.

In addition, the use of SLMs or LLMs today still requires a number of compromises that are unacceptable in medicine. For example, the receipt of the prompts and their codes may be included in future updates of the provider's products that violate data protection regulations. In addition, the reliability of the results is a prerequisite in their use, which is not the case with current LLMs.

This is why a development toward retrieval-augmented generation (RAG) is emerging. RAG improves the output quality of LLMs by anchoring the model's response to external knowledge sources. This complements the inherent data representation of the LLMs. LLMs are known for the problem of hallucination: They produce results that are not based on factual data. The integration of RAG with LLMs for questions answering tasks addresses this issue. Anchoring the LLM in external and verifiable data prevents the model from deriving information solely from its parameters. This reduces the risks associated with data leaks or the creation of inaccurate or misleading data. Other advantages of RAG include the fact that the model is renewed with current and reliable information. In addition, the user can trace the sources of the model, which ensures the authenticity of the statements.

NEXUS uses LLM/SLM technology in customer communications, medical text generation, and natural language system queries. The extension to RAG would open up additional applications and is currently being investigated.

## **\_\_ Trend III: New Encryption Methods – Post-Quantum Cryptography**

The recently published standards for post-quantum cryptography promise new encryption methods that are resistant to future threats from quantum computers. According to Gartner, this topic will gain in importance in the next two to three years. IT leaders face the challenge of gradually replacing existing encryption methods with post-quantum resistant algorithms that can withstand both conventional threats and threats from quantum computers.

For NEXUS—as for the entire e-health industry—its own data security and in particular the data security of its customers is of the highest priority. Therefore, post-quantum cryptography will soon be tested and integrated into development planning.

## **\_\_ Trend IV: AI Governance Platforms**

As artificial intelligence algorithms become more sophisticated and complex, governance, trustworthiness, reliability, efficiency, and data protection must be integrated increasingly into AI operations. Tools and processes that make AI models easier to interpret and explain are required, which improve overall data protection and security at the same time. Gartner predicts that organizations that operationalize AI visibility, trust, and security will see a 50 percent improvement in AI model outcomes related to acceptance and business goals.

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

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

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

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

NEXUS sees this trend as an opportunity. Our platform strategy especially enables us to innovate and become increasingly cloud-native.

### \_\_\_ Trend VI: Convergence and Interdisciplinary Innovations

Research institutes predict an increased merger of different key technologies in the coming years: Artificial intelligence, quantum computing, robotics, the Internet of Things, and sustainable technologies are increasingly evolving into integrated innovation ecosystems that can drive transformative change across industries. This interdisciplinary approach makes it possible to address complex challenges holistically: from combating climate change to optimizing the organization of medical processes or interdisciplinary research tasks.

The healthcare market is increasingly characterized by strict compliance guidelines, qualification and certification requirements, and the complex planning requirements of the healthcare market. This makes it a first-class candidate for specialized and integrated innovation ecosystems. For example, such systems will be used in the future in the products of pregnancy diagnostics (NEXUS / ASTRAIA), intensive care, telemedicine or emergency surgery (NEXUS / CHILI).

### \_\_\_ Trend VII: Virtualization, Spatial Computing and Neurological Enhancement

Virtualization is becoming increasingly important in medicine. Examples include telemedical applications, biofeedbacks, and voice assistants. The use of these technologies is becoming increasingly commonplace for patients and healthcare professionals. The healthcare landscape is expected to move further toward a digital model, especially as wearables, voice assistants and increasing connectivity become the norm. This includes spatial computing, which unites the physical and digital worlds in a seamless, three-dimensional space. This is made possible by technologies such as augmented reality headsets or glasses. We are already seeing devices and applications that support real-time contextual information delivery. This could help to enable better-informed decisions during a procedure, especially in treatment and surgical situations.

The benefits for the technologies already available today are obvious: Predictive models and proactive recommendations of mobile devices enable personalized preventive medicine and will result in better health results. This will also be increasingly used in virtual care. This makes it possible to simplify scheduling appointments, regularly monitor vital signs and provide better information on health and lifestyle issues. Finally, advances in the development of AI technology through the further development of precision medicine and targeted drugs will result in more personalized healthcare. This includes "neurological enhancement technologies", i.e., technologies that can read and improve brain functions. They can be used to restore senses such as seeing or hearing, although this is likely only to become a reality within the next ten years at the earliest. The range of devices extends from simple wearables such as earphones or headbands to complex and integrated brain-computer interfaces.

NEXUS is supporting this trend through its own telemedicine products (Tkmed), portals (NEXUS / PORTAL) and participates intensively in research on projects (e.g., at Charité Berlin) for the digital support of chronically ill people in the home environment.

### \_\_\_ Trend VIII: Continuous Threat Exposure Management (CTEM) and Privacy Enhancing Computation

Even more cyber criminals have been active in the healthcare sector since the outbreak of the war in Ukraine. Institutions have attacked and databases encrypted. It is assumed that the ransomware crime will again reach new dimensions in the coming years. Veritable cartels are increasingly forming, which coordinate their attacks in a targeted manner and pursue long-term strategies.

Working from home, the progressive digitalization of society and the increasing online orientation offer many possibilities for phishers, hackers and extortioners. These cybersecurity attackers are refining their methods so quickly that it is difficult for our customers to implement controls and install security patches to keep up.

But governments, public agencies, and businesses are also using IT to control the specific behavior of employees and citizens. Wearables, phones, GPS trackers, facial recognition, time tracking, social media: The leftover "digital dust" is used to analyze, reward (e.g., lower

health insurance premiums) or punish (e.g., termination of insurance coverage) activities.

Therefore, continuous threat management (CTEM) programs are essential. The insight that no organization can protect against every cybersecurity event has prevailed in the meantime. The establishment of control processes that can detect, actively prioritize, validate threats and ultimately mobilize resources to defend against them are summarized under the term CTEM.

In addition, the term "privacy enhancing computation" aims to enable the processing of personal data even in untrustworthy environments. This includes building flexible, composite architectures (Cybersecurity Mesh) that integrate widely distributed and disparate security services and improve overall security. These check identity, context, and policy compliance in cloud and non-cloud environments.

NEXUS has to operate continuous threat exposure management internally and in product development. We are particularly challenged in our sensitive environment, in which personal data are processed. We have introduced CTEM processes and are working to improve our overall security through Cybersecurity Mesh.

### \_\_ Trend IX: Energy Supply and Clean Tech

"Sustainable technology" is becoming increasingly important for operating IT environments – for example, for cost optimization, energy saving, and asset utilization – but it also promotes ESG outcomes such as improving well-being and providing the traceability required for responsible business practices (Supply Chain Care Act).

Meanwhile, the demand for more sustainable products and practices is widely shared among all economic entities. The focus is not only on adding value to the business itself, but also on whether technology can provide a smarter way to a more sustainable future.

In view of the growing energy demand, in particular due to computationally intensive applications in the field of artificial intelligence, innovative solutions for energy supply are increasingly coming into focus. Research institutes and companies in the clean technology industry are working on concepts, including in nuclear energy technology (e.g., small modular reactors and novel reactor types) as well as on the development of advanced battery technologies. The aim of these developments is to ensure a reliable, economically sustainable and sustainable energy supply that meets the increasing requirements of a digitized economy.

In the near future, companies could start shifting energy-intensive algorithms to environmentally friendly cloud providers, making algorithms more energy-efficient, or monitoring the energy consumption of generative AI systems more closely. Complementary technologies, such as optical memory, neuromorphic chips, and DNA storage, could also enable significant efficiency increases.

NEXUS as a technology provider is also required here. We are already assessing all development projects for their environmental and social impact – both at our company and at our customers – and are focusing our development capacities on this area. This also includes

our initiatives on the topic of "Green Coding", which we have consistently followed and documented in our Sustainability Report.

### \_\_ Trend X: Automated, Structured Report Generation

The topic of automated and structured report generation is particularly important to increase efficiency in the healthcare sector. Software that uses existing image and text information about the patient to create structured and thus evaluable findings is becoming increasingly more efficient thanks to the use of artificial intelligence. The advantages are obvious: Reports can be generated faster with improved accuracy and scalability as well as easier to evaluate. NEXUS has been offering intelligent report generation software called NEXUS / ADVANCED REPORTING since 2023. With this software, structured findings can be quickly as well as intuitively generated during examinations, which are uniform and evaluable. The integration of LLMs and intelligent speech recognition further simplifies the diagnosis generation process.

### \_\_ Outlook

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

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

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

### \_\_ Competitive Environment and Market Position

NEXUS is well positioned on the market as an innovative solution provider in the European healthcare sector. Our successes, the long-lasting growth and the number of installations has led to an increase in the name recognition of the NEXUS. We continued to pursue further expansion of our European activities in a sustainable manner in 2024 and consequently achieved an increase in sales.

Despite the difficult general conditions, the 2024 financial year developed very positively overall. The economic crisis in Germany, the war in Ukraine, the energy crisis, the shortage of skilled workers, the savings discussions of public budgets and the budget problems of hospitals in many countries are challenges that we continue to face.

However, we were able to take advantage of our strong product position and ongoing government programs to digitalize the healthcare system and more than compensate for the stress factors.

As a result, we have realized significant sales increases in all countries and have been able to win numerous new customers for us. Noteworthy here are the products NEXUS / HIS<sup>NG</sup>, NEXUS / CHILI, NEXUS / PEGASOS and NEXUS / NAR. In the area of HIS overall systems, we were able to win some important orders, especially in Germany, France, Spain and Poland.

Government investment programs were also continued or relaunched in 2024. This is important for NEXUS in Germany, Switzerland, France, the UK, Ireland, the Netherlands and Poland.

The market for software systems in the healthcare sector is still characterized by tough competition and high concentration of suppliers. Consolidation within our sector continued to progress considerably in 2024. Private equity companies in particular are becoming increasingly involved in our segment. Both Nexus AG and CompuGroup Medical SE & Co. KGaA have received and supported takeover bids from private equity companies. The settlement of the takeover bid for Nexus AG is subject to the usual regulatory conditions, including antitrust and investment control approvals. Subject to the fulfillment of these conditions, the settlement of the offer is currently expected in the first quarter of 2025.

NEXUS belonged to a slight extent to one of the active consolidators on the market in 2024 and strengthened its position through acquisitions in Spain, the UK and Ireland. It can be assumed that the pressure to consolidate will continue in the coming years and the new market situation will lead to shifts. NEXUS could continue to benefit from the strong consolidation and opportunities arising from its independent position on the market. Among its competitors in Europe, NEXUS occupies a leading position in terms of total annual sales – occupies a leading position.

## \_\_\_ Key Financial Performance Indicators

The key financial performance indicators (KPI) for NEXUS, namely “Revenue” and “Earnings Before Taxes” experienced positive growth.

## \_\_\_ Business Performance

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

#### \_\_\_ Profit Situation

In 2024 NEXUS has consolidated sales of KEUR 261,463 after KEUR 241,459 in 2023. The increase in sales amounted to KEUR 20,004 or an increase of 8.3% compared to the previous year. The strong increase in sales had a positive impact on the earnings situation due to the economies of scale.

The forecast in the 2023 annual report assumed a slight increase in sales. The forecast was slightly exceeded.

In the financial year, a total of KEUR 4,052 of own services were capitalized, which is approximately 7% more than in the previous year (previous year: KEUR 3,777). The other operating income increased from KEUR 4,577 in the previous year by KEUR 5,687 to KEUR 10,264. This includes income from the purchase price adjustment in the amount of KEUR 5,058 and government grant in the amount of

KEUR 2,966. The cost of materials was KEUR 42,427 and increased by 0.6% compared to the previous year (KEUR 42,180); the increase was thus higher than the increase in sales in percentage terms. The increase in personnel expenses from KEUR 133,305 to KEUR 147,517 (10.7%) mainly results from the increase in the number of employees and the related personnel costs, new management board contracts, higher sales commissions and the personnel costs from acquisitions in the fiscal year. In the financial year KEUR 2.405 (previous year: KEUR 2.204) directly attributable costs for the fulfillment of contracts were capitalised.

EBITDA 2024 reached KEUR 57,645 (after KEUR 50,389 in 2023) and was thus 14.4% above the previous year. Depreciation amounted to KEUR 18,962 (previous year: KEUR 18,516). This mainly concerns scheduled depreciation on capitalized development costs, technologies and customer relations.

EBT improved significantly from KEUR 32,994 in the previous year to KEUR 40,042 (21.4%). Thanks to optimised treasury management in an environment of rising interest rates, interest income increased significantly from KEUR 2,875 to KEUR 3,668. The forecast slight increase in EBT was thus exceeded.

The Group annual surplus increased compared to the previous year (KEUR 23,792) to KEUR 31,163 (31.0%). The lower increase in consolidated net income compared to the EBT can be explained by the tax rate of 22 %, which was reduced by significant increase in non-taxable income – purchase price adjustments and government grants.

Sales within the segments have developed differently. Sales were forecast to rise slightly in all three segments in 2024. In the NEXUS / DE division, sales of KEUR 86,834 were realized after KEUR 77,574 in the previous year (11.9%) and are thus above the forecast. In the NEXUS / DIS division, sales of KEUR 63,619 were realized after KEUR 53,242 in the previous year (19.5%) and are thus also above the forecast. In the NEXUS / ROE division, sales of KEUR 111,010 were realized after KEUR 110,643 in the previous year (-0.3%). They are therefore at the previous years’ level and below the forecast.

The initial consolidation of the HD Clinical Ltd., Bishop’s Stortford (UK) and HD Clinical Ireland Ltd., Dublin (ROI) affected sales by the amount of KEUR 842.

EBT were forecast to rise slightly in all three segments in 2024, but the segments have developed differently. The NEXUS / DE division had significantly improved EBT from KEUR 12,498 in the previous year to KEUR 23,690 (89.6%). The NEXUS / DIS division had significantly deteriorated EBT from KEUR 9,575 in the previous year to KEUR 5,487 (-42.7%) and is significantly below the forecast. In the NEXUS / ROE division, sales of KEUR 10,866 were realized after KEUR 10,921 in the previous year (-0.5%) falling slightly short of the forecast.

The initial consolidation of the HD Clinical Ltd., Bishop’s Stortford (UK) and HD Clinical Ireland Ltd., Dublin (ROI) has an impact of KEUR -384 on the consolidated net income for the year in the NEXUS / ROE segment.

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

### \_\_\_ Asset situation

Goodwill and brands with an indefinite useful life of KEUR 146,967 (previous year: KEUR 144,468) have risen slightly. This is mainly due to the inflows of goodwill in the context of the acquisitions in the reporting period, there were no indications of value reductions in 2024. For the other intangible assets in the amount of KEUR 62,074 (previous year: KEUR 60,312), 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 2024. In the 2024 financial year, contract fulfilment costs in connection with customer contracts amounting to KEUR 4,609 (previous year: EUR 2,204) were capitalised in accordance with IFRS 15.95. There were no indications of value reductions. Intangible assets total KEUR 209,041 (previous year: KEUR 204,780) and thus to 47.8% (previous year: 49.7%) of the balance sheet total.

As of 31/12/2024, inventories increased by KEUR 1,409, mainly due to hardware inventories.

Trade and other receivables increased by 3.3% and amounted to KEUR 48,590 on 31/12/2024 following KEUR 47,031 in the previous year.

Cash and cash equivalents short-term cash management and forecasts amounted to KEUR 114,038 as of 31/12/2024 (previous year: KEUR 97,434). This corresponds to 26.1% (previous year: 23.7%) of the balance sheet total.

The equity capital of NEXUS Group amounted to KEUR 282,958 on the cut-off date following KEUR 258,582 in the previous year, which corresponds to an equity capital rate of 64.6% (previous year: 62.8%).

A dividend of EUR 0.22 per share (previous year: EUR 0.21) was paid to stockholders in 2024.

The contract liabilities amounting to KEUR 33,571 (previous year: KEUR 24,040) relate essentially to the down payments received from customers for software projects.

### \_\_\_ Financial situation

The inflow and outflow of funds is shown in the cash flow statement. In 2024, the cashflow from operating activities amounted to KEUR 51,541 and was thus significantly higher than the level of the previous year (KEUR 30,407). This is mainly the result of payments received in the amount of EUR 14,968 for customer projects.

The cashflow from investment activities was KEUR -30,315 as of the balance sheet date (previous year: KEUR -17,022). Payments for investments in intangible assets and for the acquired companies and payment for cash investments in short-term financial dispositions formed the main focus of investment activities.

The cashflow from financing activities amounted to KEUR -19,628 (previous year: KEUR -16,722) and mainly includes payments for dividends, payments for the repayment of lease liabilities, incoming and outgoing payments for the sale and purchase of treasury stock and the acquisition of non-controlling interests of already fully consolidated companies.

No significant 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 64.6% equity capital, 14.7% long-term debts and 20.6% short-term debts. The long-term debt consists of pension obligations, from contingent purchase prices from company acquisitions and other non-current liabilities. The current liabilities essential concern accruals, other financial liabilities, trade payables and current lease liabilities.

## 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 17,236,881 shares (previous year: 17,264,609) 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 12/05/2017 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 authorisation granted at the Annual General Meeting on 27/04/2021 to increase the company's share capital once or several times by up to a total of EUR 3,100,000.00 by issuing new no-par value bearer shares in return for cash and/or non-cash contributions (Authorized Capital 2021); which still amounts to EUR 1,577,536.00 due to partial utilisation, was cancelled at the Annual General Meeting 2023 and new authorisations to increase the share capital were created

#### Authorized Capital I 2023

The Executive Board is empowered to increase the capital stock of the company in the period until 30/04/2028 with approval of the Supervisory Board one time or several times up to a total of EUR

1,727,469.00 via issue of new no-par bearer stocks (individual share certificates) against cash and/or capital subscribed in kind (authorized capital I 2023). 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:

- a) For fractional 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 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 17,274,695.00) 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).

#### Authorized Capital II 2023

The Executive Board is empowered to increase the capital stock of the company in the period until 30/04/2028 with approval of the Supervisory Board one time or several times up to a total of EUR 3,454,900.00 via issue of new no-par individual share certificates against cash (authorized capital II 2023). The shareholders are generally entitled to subscription rights. In accordance with section 186 (5) of the German Stock Corporation Law (AktG), the new shares can also be taken over by a bank or in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1 or (7) of the German Banking Act (KWG), by a company with the obligation to offer them to shareholders for subscription ('indirect subscription right'). The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude the statutory subscription right of shareholders once or several times for fractional amounts only.

The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details of the implementation of capital increases from this Authorised Capital II 2023, including the further content of the respective share rights and the conditions of the share issue. The Supervisory Board is authorised to amend the wording of Article 4 para. 5 of the Articles of Association after the full or partial implementation of the increase in share capital in accordance with the respective utilisation of Authorised Capital II 2023 and, if Authorised Capital II 2023 has not been utilised or not been fully utilised by the end of 30/04/2028, after the authorisation has expired.

## 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.

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. Currently, there are also risks from the war in Ukraine and the energy crisis. Although NEXUS successfully managed the risks in 2024 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 known risk areas. 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, England, Ireland and Spain. The current macroeconomic environment is unstable and highly dependent on the further development of the energy crisis, the war in the Ukraine and a possible recession. 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 EUR 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, and other forecasts even assume a CAGR of 18.5% in the period 2019-2030. 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.

#### **Take-over bid:**

The strategic partnership with TA could bring about a change in the economic situation at NEXUS. TA has clearly stated that it will support the overall strategy of the NEXUS Group in particular the innovation strategy. The market for e-health solutions is undergoing radical change. Healthcare facilities are placing ever greater demands on digital support and are also more reliant on digitalisation solutions. At the same time, more providers are leaving the market. In this environment, the NEXUS Group has the opportunity to increase its market share and expand its market presence. The NEXUS Group is focused on meeting or even exceeding increasing customer expectations for digitalisation solutions. A successful transaction would enable us to accelerate the implementation of our strategy. THE NEXUS Group is convinced that the current market opportunities mean that the focus must be on gaining additional market share and realising our innovations. This focus should take precedence over short and medium-term profit orientation.

## \_\_\_ Risk Report

### \_\_\_ Basic principles

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

NEXUS has implemented an internal monitoring system as well as a 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 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 areas:

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

- + Reputation,
- + Whistleblower protection / Whistleblowing,
- + Human rights violations and breaches of environmental standards / LkSG,
- + Data security and data protection,
- + Occupational safety,
- + Process risks,
- + Regulatory and tax risks,
- + Fraud risk,
- + Development of subsidiaries and
- + 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 2024, nine risk reports were submitted to the Executive Board from the offices responsible for them, and the Executive Board evaluated them.

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

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

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

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

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

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

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

## \_\_\_ Operational risks

### \_\_\_ Customer projects

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

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

### \_\_\_ Development projects

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

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

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

### \_\_ **Expertise leaving the company**

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

### \_\_ **IT security and availability**

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

### \_\_ **Reputation**

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

### \_\_ **Human rights violation and breaches of environmental standards / LkSG**

Compliance with human rights and environmental standards is one of NEXUS core values, which the Executive Board and employees recognise and are committed to. This also applies to violations in the context of supply chains in which NEXUS is involved. Such violations are already a risk for NEXUS. In addition, they lead to a considerable

reputational risk for NEXUS and are subject to severe fines in accordance with the German Supply Chain Duty of Care Act (LkSG). The Executive Board has issued a declaration of principles in accordance with the LkSG, which was published in the Sustainability Report 2024 and is repeated annually. A human rights officer has also been appointed to act as a point of contact for all questions/complaints relating to the violation of human rights and environmental standards. She also monitors risk management with regard to the violations specified in the LkSG. Risk management includes a risk analysis in which the identified human rights violations and environmental violations are appropriately weighted and prioritised. The results of the risk analysis are communicated to the Executive Board. Appropriate preventive measures primarily relate to the implementation of the policy statement, the development and implementation of suitable procurement strategies (including appropriate preventive measures vis-à-vis indirect suppliers), training and risk-based control measures. The effectiveness of the preventive measures is reviewed annually and, if necessary, on an ad hoc basis. The measures specified in Section 7 LkSG are applied as remedial measures in the event of identified violations. The provisions of the Executive Board information on the HinSchG dated 17/12/2023 apply mutatis mutandis to the complaints procedure. In The Compliance Officer named there is replaced by the company's Human Rights Officer.

### \_\_ **Data security and data protection**

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

### \_\_ **Occupational safety**

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

## \_\_\_ Legal and compliance risks

### \_\_\_ Process risks

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

### \_\_\_ Regulatory and tax risks

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

### \_\_\_ Whistleblower protection / Whistleblowing

Fraud risks and other compliance risks can be uncovered through whistleblowing and thus draw attention to incidents at NEXUS or its cooperation partners that pose a risk to the Company. As part of the Executive Board information on the Whistleblower Protection Act (HinSchG) dated 17/12/2023, a reporting system was described that enables non-repressive and confidential reporting of violations of legal regulations or the basic values of NEXUS. Fines may be imposed if the HinSchG is not organised in accordance with the law.

### \_\_\_ Fraud risk

Fraud is understood to mean fraud, deception, bogus transactions or embezzlement in business enterprises. Fraud is the deliberate action of one or more managers and/or employees to obtain an unjustified or illegal advantage. Fraud is caused by the combination of three factors: Motivation is usually seen as a financial need (enrichment), which can also arise from subjectively perceived pressure (e.g., through bonus agreements/targets). The perpetrator must be able to justify the act to himself. Justification can be, for example, "I am entitled to the money anyway," "This is how I create justice." or "I

can't achieve my goals any other way." The perpetrator has the opportunity (e.g., through the position of the employee or weaknesses in the internal control system due to "management override") to commit an offense. This risk is counteracted by regular monitoring of the cash and account balance of the business unit as well as ensuring functional controls within the framework of the ICS (internal control system).

## \_\_\_ Financial risks

### \_\_\_ Performance of subsidiaries

In the case of subsidiaries, different risks may arise due to the need to devalue the investment approaches, over-indebtedness and liquidity problems as well as integration problems. Due to the great number of subsidiaries, these have to be monitored with great expense. To minimize these risks, monthly business review dates, calendar quarterly reviews of business prospects and plans as well as the Executive Board's handling of integration plans are undertaken.

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

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

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

Controlling the internal monitoring and risk management system is the responsibility of auditing committee of the Supervisory Board. The risk manual of Nexus AG defines detailed measures for early risk detection, reporting and the respective risk holders. Despite all due care, it cannot be completely ruled out that personal discretionary decisions, faulty controls, fraudulent actions by individuals or other circumstances may limit the effectiveness and reliability of the internal control and risk management system used.

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

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

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

From the perspective of individual risks and from an overall risk position, it can currently be seen that the continued existence of the company is not endangered.

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

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

## OUTLOOK

Despite the current economic challenges in many of the countries in which we operate, the NEXUS Group continues to expect organic sales and revenue growth until 2026. The reasons for this optimistic view are the positive market environment for the digitalisation of the healthcare sector, the numerous government funding programmes and the NEXUS Group's strong market position. In addition, our competitors have announced a series of strategic changes that we can utilise to gain further market share. Our strong product positioning and the focus of our systems on interoperability are key to this assessment. We are also planning to realise further growth through company acquisitions.

We realised a company acquisition in 2024 and won a large number of tenders. We are starting 2025 with a high order backlog in the Group. We also expect a large number of further tenders in 2025 and are optimistic that we will be able to successfully integrate the acquired companies. The expected delisting of Nexus AG will unleash additional entrepreneurial potential.

However, it is still to be feared that the positive development will be limited by insufficient implementation resources in the hospitals. Many facilities lack the personnel and organisational measures needed to achieve the ambitious digitalisation goals. The current financing problems of state budgets and the recession in Germany are making matters worse. Financial bottlenecks in hospital budgets could lead to projects being postponed or cancelled.

For 2025, we are currently still assuming that we will be able to minimise the business consequences of the current crises for NEXUS in the future. We will continue to optimise costs, pursue our integration projects in a targeted manner and continuously assess the further signs of the crisis, not least the shortage of skilled workers, and make adjustments accordingly. Our planning also takes into account further investments in internationalisation and the expansion of our product range. Should there be any significant changes in the consolidated Group in 2025, this may lead to a change in planning.

Overall, we therefore have positive expectations for NEXUS and its subsidiaries in 2025. We will utilise the opportunities that arise and actively manage the risks. We will continue to focus in 2025: We need to implement our major projects to a high standard, integrate our acquired companies and actively tackle the new sales opportunities.

Nexus AG expects a slight increase in sales and a slight increase in EBT for all three segments.

Nexus AG  
Donaueschingen, 28/02/2025

The Executive Board

Dr. Ingo Behrendt      Ralf Heilig      Edgar Kuner