nexus | ag

NEXT GENERATION Software

Annual Report 2016

Financial Highlights for the Business Year 2016

	2016	2015	Change
Sales and Operating Result	**KEUR**	**KEUR**	**(in %)**
Sales	107,051	97,269	10.1
Healthcare Software Sales	97,705	89,521	9.1
Healthcare Service Sales	9,346	7,748	20.6
Domestic sales	54,824	48,804	12.3
Sales in foreign countries	52,227	48,465	7.8
Operating Result	10,926	9,640	13.3
Group result before tax on income	10,908	9,612	13.5
Group results before interest and taxes on earnings (EBIT)	10,929	9,637	13.4
EBITA	14,035	12,981	8.1
EBITDA	21,021	18,884	11.3
Consolidated surplus	8,611	7,777	10.7
Cash flow from current business transactions	16,542	18,145	-8.8
Cash flow from investment activities	-16,341	-16,745	-2.4
Net income per share (undiluted/diluted)	0.52 / 0.52	0.49 / 0.48	6.1 / 8.3
Share price (closing price on 30 December, Xetra, in EUR)	17.66	18.70	-5.6
Ongoing development costs and depreciations			
Capitalization of software developments	5,444	5,288	3.0
On-going investments in software development	20,950	18,118	15.6
Depreciation	10,092	9,243	9.2
Acquisition-related depreciations from purchase price allocation	2,815	2,987	-5.8
Assets, Equity Capital and Payables			
Fixed Assets (without deferred taxes)	92,949	80,355	15.7
Current Assets / Short-Term Assets	43,607	45,213	-3.6
Net Liquidity	18,856	20,943	-10.0
Equity Capital	95,802	89,060	7.6
Employees (as of the cut-off date)	**916**	**830**	**10.4**

Contents of the Annual Report 2016

Letter to Our Stockholders

Dear Stockholders:

We are very satisfied with the result. NEXUS has not only grown, but the company has also become more profitable and more international and the products have become more attractive and innovative. The NEXUS team is very proud of these results.

General Development

NEXT / NEXUS, our great new product initiative, was our main focus in 2016. With the NEXT / NEXUS program, we launched a completely revamped product world in the market in 2016. The term NEXUS / NEXT GENERATION (NG) stands for a software generation that we are offering to our customers, which has the potential to redefine the market standard.

For the first time, a software generation focuses entirely on users and their work processes. Features and technologies are means to the ends in this context and lose their dominant importance. In NEXUS / NEXT GENERATION, for example, users are already provided with the desired "workspace" at logon. Searching through menus and function trees is eliminated entirely. Our "workspaces" are now individually adapted to the work process of a user, so that "clicking" and "switching screens" are no longer necessary. And the most important: "workspaces" contain only information, which is essential for the user. Complexity and information overload are actively avoided. In addition, all software functions are also available as mobile apps. Users can decide whether they want to work stationary or mobile.

The new software generation is being enthusiastically received by many existing and new customers. The NG-software generation received special attention with the "launch" of our main product (NEXUS / HIS^{NG}) in June 2016. We were able to show that the overall NEXUS product world has come together under the NEXT GENERATION technology. Over the last few months, we have adapted almost all NEXUS modules to the new generation of software and are currently preparing the internationalization of the modules one by one.

This strong innovation and expansion strategy is also reflected in our investment behavior. In 2016, we invested approx. EUR 20.9 million or 19,5 % of sales in our products and new customer solutions. With that, we are one of the leaders in our industry in Europe.

Consequently, it is all the more important for us to continue to show considerably increasing revenues and profits despite high investments. In 2016, we have again succeeded in accomplishing this.

Sales increased by approximately 10.1 % to EUR 107.1 million in 2016, and earnings before tax (EBT) were 13.5 % higher than last year at EUR 10.9 million.

We are extremely satisfied with this result for 2016, although we are operating in a challenging industry environment as previously. Although consolidation within our industry has not progressed in the last year at the same speed as in previous years, the number of providers that can handle large projects has decreased further. NEXUS was able to assert itself successfully in this small group of companies with potential and has won additional market shares with respect to sales.

We have seen rather restrained willingness to invest on the customer side, at least when it comes to general system change (HIS). A major reason for this reluctance is certainly also the high pace of change on the supply side. Customers currently have problems assessing investment security at a system change and postpone these decisions.

At the same time, we see a growing willingness among our existing customers to invest in the enhancement of existing systems and in system support. Our wide-ranged and innovative product portfolio and our extensive service offer represent an excellent basis for further growth in this context.

Market Successes

We concluded new projects with a total of approximately 380 customers and consequently again fired the enthusiasm of more healthcare institutions for solutions from NEXUS in 2016, as in the previous year. The customers are mainly from Germany, Switzerland, Austria, France, the Netherlands, Spain and Bulgaria. Despite there being fewer tenders for complete systems, the number of received orders continued to develop positively.

We were able to win a total of 11 new customers for comprehensive systems from NEXUS. The two private hospitals "Polyclinique de Poitiers", a major French private hospital, and the Centre of Comprehensive Medicine, an innovative hospital in Frankfurt, opted for NEXUS / HIS or Emed and stand out in this context. Our business developed particularly well in the field of "Diagnostic Information Systems" (NEXUS / DIS). We were again able to increase the number of new customers significantly compared with the previous year. Examples of major projects are the order of the University of Giessen and the Rhoen hospital in Bad Neustadt, for cardiological diagnosis documentation (CWD). The University Hospital Göttingen ordered the pathology system of NEXUS, and the decision in favor of introducing NEXUS / GYNECOLOGY in all state hospitals in Upper Austria was also a landmark for our company.

Dr. Ingo Behrendt
Chief Executive Officer

The market success of our new radiology information system (NEXUS / RIS^{NG}) also continued in 2016. We received numerous new orders and were able to win the bid invitation from the Hirslanden Group, Switzerland, for introduction of a new group-wide Radiology Information System (RIS). There will be a gradual conversion to the NEXT GENERATION-RIS in the 16 hospitals of the Group in the coming years.

A similar success is the order from the Asklepios Hospitals for the creation of a Germany-wide patient record archive. We consider the decision of Marabu in favor of the NEXT GENERATION product PEGASOS 7 as clear sign of trust. We also received such a vote of confidence from the decision of the Dutch Treant Hospitals, which also decided in favor of PEGASOS 7.

For our new business segment "Digital Personnel Management", we were able to conclude a contract with the Saxon hospital Altscherbitz. The also young business field CSSD (sterile goods supply) won very significant orders from the University of Tübingen, the Kenézy Hospital in Debrecen (Hungary), KFM Medical Complex, Dammam (Saudi Arabia) and the Valais hospital network (Switzerland).

We obtained an interesting project in Spain. The Parc de Salut Mar in Barcelona equips cardiac patients, who are discharged, with a mobile monitoring solution from NEXUS. Overall, orders for mobile applications increased significantly in 2016, although they are still at a low level. We see a significant growth market for mobile applications over the coming years.

Projects and Service

In addition to new projects, numerous existing customers have continuously expanded their systems with us. Large hospital networks such as ELSAN (France), the German armed forces hospitals, CURAGITA, Vanguard (Austria), the St. Gallen hospital network (Switzerland), Treant (The Netherlands) and Amedes are representative of customer groups that work continuously on improving their systems.

With the strong expansion of our service organization and our service offerings, we have also received additional orders from the "managed services” area. In 2016, three customers contracted us to handle total support of their applications. It is being shown that operation and end-user support of our own software applications is becoming an increasingly important business segment and a strength of NEXUS.

We continued our joint development and cooperation project with Olympus with particular emphasis last year. Despite this, completion was considerably delayed, so that we could only hand over the base product ENDOBASE NEXT to Olympus at the end of 2016. With that, we can replace the existing ENDOBASE generation from Olympus and win new European customers together. A great product is being developed in this collaboration, which will ensure far-reaching integration of NEXUS software and Olympus medical devices. The combination of Olympus equipment expertise and NEXUS software expertise is very compelling and contains a lot of market potential, according to a joint assessment.

Sales

Total sales increased to EUR 107.1 million (previous year: EUR 97.2 million) in the reporting year. Compared to the previous year, sales were approx. 10.1 % higher. Sales in the Healthcare Software Division grew by 9.1 % to EUR 97.7 million (previous year: EUR 89.5 million). In the Healthcare Service Division, we were able to achieve EUR 9.4 million following EUR 7.8 million in 2015 (+20.6 %). International business represented a share of 48.8 % in the total Group in 2016 following 49.8 % in the previous year.

Innovations

In 2016, we also continued our program to expand our market activities. The program objective is to expand the position of NEXUS in terms of contents and regionally.

We strengthened our regional clout thanks to an acquisition in Spain in 2016. Thanks to the acquisition of SISinf, S.L., Sabadell, Spain, in July, we were able to acquire a company that occupies a prominent position in major hospitals in Catalonia and which can benefit considerably from NEXUS products. We are pursuing our strategy consistently with that. We use e-health expertise from the different European countries to improve our products and services continuously. We obtained substantial strengthening of our products with the acquisition of IBH Datentechnik GmbH, Kassel. The IBH is the leading provider of sterile goods documentation in Europe. The company is strengthening our already strong market position in this important segment and enables synergies in product development. The same applies to the acquisition of switspot Verwaltungs GmbH, Neckarsulm, which makes it possible for us to achieve increased sales for digital personnel management in hospitals. On the innovation side, we focused on the areas of NEXUS / NEXT GENERATION, NEXUS / MOBILE, NEXUS / CARDIOLOGY and NEXUS / RADIOLOGY in 2016. In all areas, we see significant potential for the future and are confident that our high investments will pay off.

Results

We were able to increase our results considerably in 2016 despite significant expenses for product development and company integration.

Before taxes, we generated a profit of EUR 10.9 million compared to EUR 9.6 million in the previous year (+13.5 %). The EBITDA amounted to EUR 21.0 million following EUR 18.9 million in the previous year (+11.3 %).

Our cash flow from operating activities was again very strong, which reached a very high value at EUR 16.8 million although it was 8.8 % below that of the previous year (EUR 18.1 million). The liquid assets of NEXUS Group amounted to a total of EUR 18.9 million (previous year: EUR 20.9 million) on 31 December 2016, despite significant investments last year. The result after taxes increased from EUR 7.8 million to EUR 8.6 million (+10.7 %).

In terms of costs, special charges again resulted from balancing of accounts for pension rights in accordance with IFRS. Contrary to local accounting rules, IFRS stipulates that pension accruals are also to be made if the obligations are transferred to insurance companies. For the balancing of accounts of NEXUS companies in the Netherlands and Switzerland, this

Highlights 2016

Innovative hospital: The Frankfurt Centre of Comprehensive Medicine introduces NEXUS / HIS successfully.

Large-scale project: University Hospital of Tubingen uses EuroSDS for batch documentation.

St. Boniface Hospital Society Lingen bets on NEXUS / CURATOR in quality management.

Large order for NEXUS / RIS: The Hirslanden Private Hospital Group (CH) opts for the new RIS solution NEXT GENERATION of NEXUS.

Königin Elisabeth Herzberge uses NEXUS / NBB in gastroenterology and cardiology.

Maternity ward of Ammerland Hospital in Westerstede is completely digital with NEXUS / OBSTETRICS.

Internationalization: First PEGASOS installation goes live in three hospitals of the Treant Group in the Netherlands.

The University Hospital of Göttingen decides in favor of NEXUS / PATHOLOGY.

New business area: NEXUS / SWITSPOT supports SAP personnel management in the Saxon hospital Altscherbitz.

Innovation project: First VITOS Hospital updates to the new NEXUS / STATION CHART.

University Hospital Giessen bets on CWD of E&L in cardiology (heart catheter).

Major customer: RNS Wiesbaden bets on the new NEXUS / RIS.

Innovation project: Hospital Parc de Salut Mar, Barcelona, equips heart patients with the mobile monitoring solution from NEXUS.

Solingen Municipal Hospital starts operation of NEXUS / HIS and use the support of clinical processes.

Innovation project: NEXUS implements first e-health project in Switzerland.

Major order: Asklepios Hospitals create a Germany-wide patient record archive with Marabu.

Hôpital Rothschild (AHP Paris) chooses NEXUS and introduces SPM in central sterilization.

Internationalization: Largest hospital in Sofia (University Hospital Lozenetz) goes live with NEXUS / HIS (Bulgaria).

Managed Services: The German Red Cross Clementinenhaus Hospital in Hanover has NEXUS manage its IT.

Rehabilitation Clinic Montafon (AT) of VAMED introduces NEXUS / REHAB.

Innovation project: Fundació Puivert Hospital, Barcelona, introduces the Invitro Information System (NEXUS / VITA).

State-wide decision: States hospitals in Upper Austria are betting jointly on NEXUS / OBSTETRICS.

Rhön Hospital in Bad Neustadt introduces CWD in cardiology.

Innovation project: NEXUS / CYTOLOGY links five of the leading HPV analyzers.

Internationalization: The Treant Group (NL) relies on the sterilization software SPM from NEXUS.

NEXUS / RIS & PACS: Darmstadt-Dieburg District Hospitals Gross-Umstadt District Hospital bet on NEXUS in radiology.

Major order: The Valais Hospital Network (CH) decides in favor of the sterilization solution SPM.

Major customer in Austria: Salzburg state hospitals take NEXUS / PATHOLOGY into operation.

PDMS in the neonatal care if the Altötting Burghausen district hospitals: First neonatologische intensive care ward equipped with NEXUS / PDMS.

Innovation project: Foundation for Social Psychiatry (CH) introduces full software suite of NEXUS (Domis).

Internationalization: EuroSDS in use in Kenézy Hospital in Debrecen (Hungary)

Community Hospital of Coblenz Middle Rhine optimizes its QM processes with NEXUS / CURATOR.

Large French Private Hospital: Polyclinique de Poitiers (F) decides in favor of NEXUS / HIS (Emed).

Innovation project: PEGASOS 7 from MARABU is released. New features, new design, modern technologies.

Prestige order for NEXUS / RIS: Radiological group practice Ibbenbüren and Lengerich.

New NEXUS / HIS: The lung clinic Ballenstedt / Harz relies on NEXUS / HIS as an integrated hospital information system.

Successful project implementation: NEXUS / PAT.ng is introduced into the Zurich hospitals Triemli and Waid.

NEXUS / MOBILE: Basel REHAB uses the Mobile App Suite from NEXUS.

Innovation project: Glantal Health Center records operations using the new NEXUS / OP documentation.

Notwil Paraplegic Center bets on the SPITEX (home care) solution from NEXUS (Syseca).

Innovation project: Olympus awards the first ENDOBASE NEXT orders to NEXUS.

University Hospital of Halle equips its new delivery room with NEXUS / OBSTETRICS.

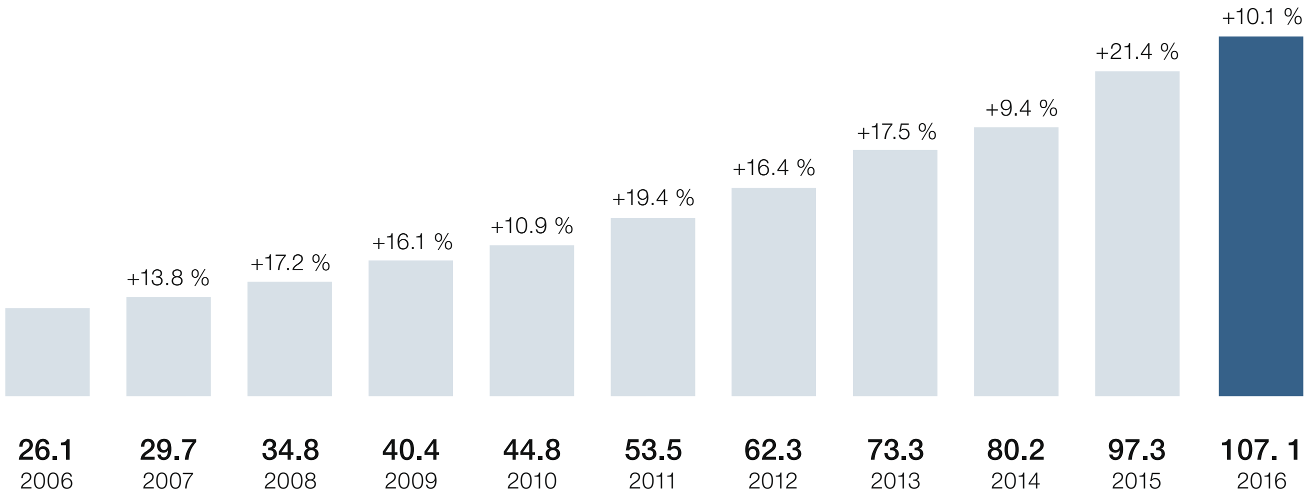
Internationalization: KFM Medical Complex in Dammam (Saudi Arabia) uses EuroSDS.

NEXUS / MOBILE: Psychiatric Hospital Uelzen records WOUND DOCUMENTATION with mobile devices.

Successful project implementation: Bernhoven Ziekenhuis (NL) introduces NEXUS / HIS (xCare).

Innovation project: Polyclinique Bordeaux Tondu (F) relies on integrated NEXUS / HIS (Emed) and NEXUS / OP.

Group sales in million EUR
2006 – 2016



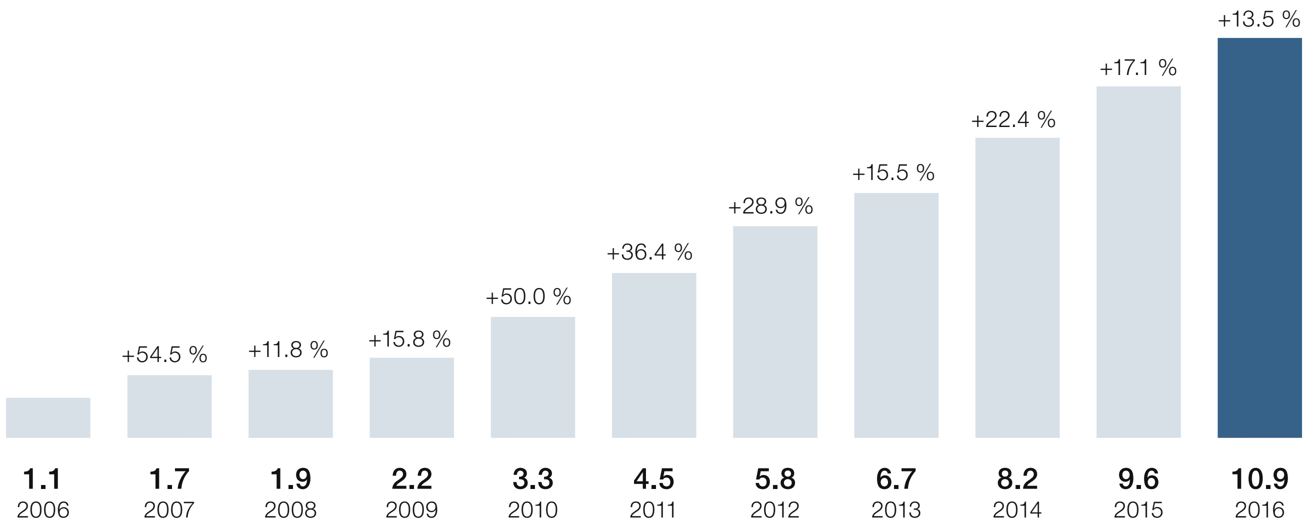
approach leads to significant differences between the local accounting rules and IFRS rules. In 2016, approximately KEUR 703 higher accruals have been entered into accounts in the IFRS consolidated net income as well as in local financial statements. A total of KEUR 9,831 higher pension entitlements have been entered in the accounts in accordance with IFRS as well as in the local accounting rules.

The expenditures for acquisitions and company integrations also had a negative effect. As before, the integration of NEXUS Nederland and the companies acquired during the year requires considerable corporate resources. Overall, we estimate the integration costs to amount to KEUR 1,490 in 2016.

We as the NEXUS team are extremely satisfied with the results and the course of the fiscal year 2016. We have able to improve our market position and our results continuously since 2002. As a result, we have grown considerably both in sales and earnings for the 15th year in a row.

The topics "NEXT / NEXUS" and “regional expansion" are again the focal points for us in 2017. We are fully committed to marketing our new product initiative and are simultaneously focusing on further internationalization. This dual task again presents a challenge, and we will need to show that our sales and earnings growth of the past years also continues in the future.

Group result before tax in million EUR
2006 – 2016



Capital Market
The capital market also demonstrated high interest in our shares in 2016. After the strong increase in the previous year (+54.6 %), however, the share price decreased from EUR 18.70 (closing price 30 December 2015, Xetra) to EUR 17.66 (closing price 12 December 2016, Xetra) in a year-on-year comparison. During the year, secondary placements of two larger shareholder packages had a negative effect. However, the upward trend of the stock continued in the first few weeks of 2017, and the price reached an all-time high at EUR 20.82 on 20 January 2017.

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

Warm regards,

Dr. Ingo Behrendt
Vorstandsvorsitzender

Edgar Kuner
Vorstand Entwicklung

Ralf Heilig
Vorstand Vertrieb

Innovations in medical informatics 2016

Doctors, nurses and even patients expect more support for their work and recovery than we already provide today. Consequently, NEXUS also invested in many new products and services in 2016, I.e., approx. € 20.9 million or 19.5 % of sales. The focal point was the "NEXT GENERATION software" in 2016:

Geriatrics

Rehabilitation

Psychiatry

Hospital

Hospital and organizational management

- Financial management
- Materials management
- Business intelligence
- Quality management
- Duty scheduling

Patient and Workflow Management

- Patient management
- Billing
- DRG work station
- Schedule management
- Bed planning
- Resource planning

Treatment Management

- Care unit management (care documentation / charts)
- Interdisciplinary Medical & Nursing Files
- Medication process / CPOE
- Outpatient Management

Diagnostic solutions

- Endoscopy
- Cardiology
- Neurology
- Urology
- Obstetrics
- Gynecology
- Oncology
- Sonography
- Ophthalmology
- Angiography
- Paediatrics
- Heart catheter

- Radiology
- PACS
- Pathology
- Cytology
- Radiooncology
- OP
- PDMS
- CSSD
- Radiotherapy

- Image Archiving
- DICOM Archiving
- Teleradiology

Electronic Content Management (ECM): Document archiving

NEXUS / NEXT GENERATION (NG)

Our new software generation focuses entirely on the user and his work process. New technology and a new interface design combine to introduce and use a new kind of medical software.

+ The user accesses his personal "workspace" directly at logon. Searching through menus and function trees is eliminated entirely.
+ The "workspace" is individually adapted to the work process of each user. "Clicking" and "screen changes" are no longer necessary.
+ The user receives only the information that is essential for his process in his personal "workspace". The innovative interface design ensures focused working.
+ All software functions in NEXUS / NEXT GENERATION are also offered within mobile apps. Users can decide whether they want to work stationary or mobile.

NEXUS / MOBILE

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

Innovations 2016:

+ Wound documentation
+ Patient APP for cardiac patients
+ 42 new apps for numerous functions
+ Transfer of values from Bluetooth devices to the mobile chart

NEXUS / HIS

NEXUS / HIS stands for a modern information system focused on users and supports the complete administrative and medical/nursing areas in hospitals. The special feature: NEXUS / HIS also integrates all solutions for special diagnostic wards such as endoscopy and radiology.

Innovations 2016:

+ Piloting NEXUS / HIS NG
+ Integration of NEXUS / Archive (PEGASOS) incl. access to IHE repository
+ OP Dashboard – for clearly structured surgery planning and visualization
+ Development NEXUS / OPERATOR TOOL

NEXUS / OBSTETRICS

Obstetrics software with complete documentation from the first day of pregnancy until discharge from the obstetrics clinic. Used in more than 300 clinics, the module is available as separate solution or integrated into NEXUS / HIS.

Innovations 2016:

+ Monitoring of maternal parameters in CTG monitoring
+ Mobile App: CTG overview
+ Prenatal ultrasound: Risk calculations according to FMF-UK

NEXUS / PATHOLOGY

This module controls the processes in pathology from material entry all the way to billing. NEXUS / PATHOLOGY is employed in more than 300 institutes and hospitals integrated into NEXUS / HIS or as a separate solution. Innovations 2016:

+ "Virtual microscopy" in routine work
+ Laboratory management with sample tracking module
+ ADT/GEKID interface

Ralf Heilig
Chief Sales Officer

NEXUS / PSYCHIATRY

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

Innovations 2016:

+ Integration of NEXUS / ARCHIVE (PEGASOS) incl. access to IHE repository
+ Enhancement of drug outpatient department
+ Enhancement of psychiatry-specific patient chart

CWD – Clinic WinData (E&L)

The intelligent diagnostics software for special diagnostics from NEXUS makes it possible for doctors to establish findings quickly and in high quality in the areas of endoscopy, cardiology, sonography and ophthalmology.

Innovations 2016:

+ New graphical user interface
+ Joint development with Olympus: ENDOBASE NEXT product line
+ Expansion of the supported departments for a unified hospital solution for special diagnosis

NEXUS / MEDICATION

The medication process is one of the essential hospital processes and is supported comprehensively by NEXUS / MEDICATION: Prescribing, checking, providing and monitoring. The module is integrated into NEXUS / HIS and provides a profession-overlapping view of patient medication.

Innovations 2016:

+ Introduction of "Uniform Medication Plan for all of Germany"
+ Enhancement of the connection of unit-dose machines
+ Optimization for use in the emergency room for single dose prescriptions

NEXUS / HOME

NEXUS / HOME stands for a complete home information system, which contains the functions finances, resident management, treatment management and staff deployment. More than 700 senior citizen homes already use our home solution. Innovation 2016:

+ Integration of Tacs 2.0 Benchmarking
+ Paragraph 302/87b account assignment distribution
+ Care Index 2.0: Swiss medicinal and auxiliary aids catalog

NEXUS / CURATOR

NEXUS / CURATOR is the web-based knowledge database for fully comprehensive quality management with document management in healthcare. The portal is designed to improve organizational communication in hospitals.

Innovations 2016:

+ Shortcut to desktop applications from CURATOR
+ Content of different portals from external networks can be synchronized automatically
+ Combination of distributed and centralized document management for hospital networks

NEXUS / PDMS

NEXUS / PDMS is an intensive care solution integrated completely into HIS. The advantage: All intensive care information remains in the HIS and customary software operation is maintained.

Innovations 2016:

+ Interval-dependent balance overview
+ NEXT GENERATION interface in PDMS
+ Integration of patient information in the intensive care chart from the HIS

NEXUS / RIS / PACS

We have obviously made a very positive impression on the market and users with the NEXUS / RADIOLOGY solution. Maximum user-friendliness, extremely time-saving and completely adapted to the workflows in radiology.

Innovations 2016:

+ New dashboard for management of context-sensitive information
+ PACS: New 3D features in Viewer
+ New features for enhanced communication with referring physicians

NEXUS / CYTOLOGY

Support of workflows in routine operations with high utilization of capacity is the focus of the cytology solution. NEXUS / CYTOLOGY was developed in close collaboration with cytologists.

Innovations 2016:

+ HPV-machine interfaces to all common equipment manufacturers incl. batch diagnosis generation
+ NEXUS Cube with extensive medical evaluation options specifically for cytology
+ Comprehensive Information/Cave module with special functions for cytology

NEXUS / REHA

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

Innovations 2016:

+ Targeted surveillance controlling in neurology with team protocol
+ 300 minutes controlling OPS 8552
+ Case consolidation for neurological cases

NEXUS / ARCHIVE

From conventional paper files to digital text documents, images, videos and audio files and all the way to DICOM objects, all information is archived in standard formats in NEXUS / ARCHIVE (PEGASOS) regardless of its origin.

Innovations 2016:

+ PEGASOS 7: new ergonomic and intuitive design
+ XDS communication for direct access to external affinity domains from the HIS
+ Modernization of the complete system architecture incl. security layer (Wildfly, WPF)

NEXUS / FOODCARE

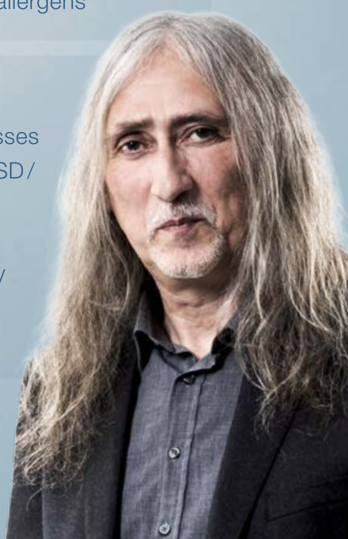
Food orders directly from the patient's room in direct communication with the kitchen. The software can be used both as an integrated version in NEXUS / HIS or independently linked with other hospital information systems via interfaces. Innovations 2016:

+ High flexibility in meal ordering (time, location, guests)
+ All customary browsers are supported
+ Image views, ingredients and allergens

NEXUS / CSSD

Customers use the NEXUS / CSSD module for complete documentation of the processes in sterile goods supply. The cleaning and sterilization process is fully supported in CSSD / AEMP, and the preparation of medical products is documented in line with legal and quality assurance requirements, patient-related on demand. Innovations 2016:

+ Systematic retrieval of sterile goods status (targeted OP planning)
+ Linkage of RDGs and sterilized goods
+ Complete instrument inventory including preparation costs



Edgar Kuner
Director of Development

NEXUS in Figures – Everything at a Glance

202,000 NEXUS USERS DAILY

2,950 CUSTOMERS
work with NEXUS solutions

168 CUSTOMERS
use medication and the chart in NEXUS / HIS

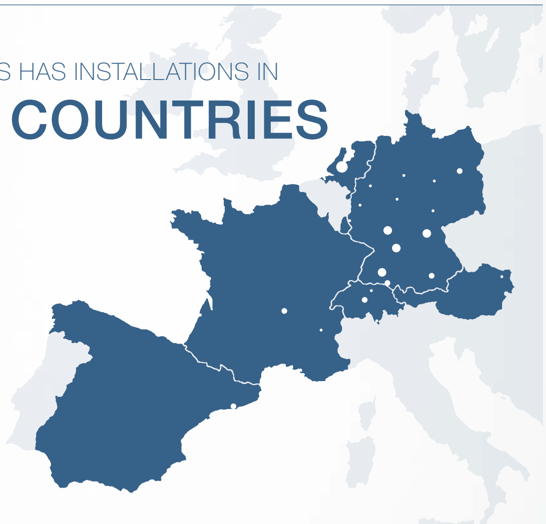
300 DIFFERENT MEDICAL DEVICES
ARE INTEGRATED INTO NEXUS / SPECIAL DIAGNOSTICS

319 CUSTOMERS
use the pathology software from NEXUS

138 FRENCH PRIVATE HOSPITALS
work with NEXUS / HIS Emed

153 CUSTOMERS
in 4 countries use the psychiatry solution NEXUS / PSYCHIATRY

NEXUS HAS INSTALLATIONS IN
21 COUNTRIES



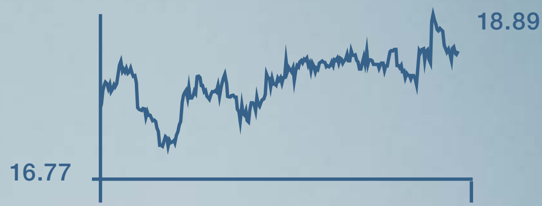
42 MOBILE APPS
support users in NEXUS / HIS

144 CUSTOMERS
work with the radiology software from NEXUS

1,030 HOSPITALS
work with medical sterilization software from NEXUS / CSSD

10,908 KEUR
EBT

EXCHANGE RATE TREND
02/2016 – 02/2017 in EUR



EBITDA
21,021 KEUR

SALES DEVELOPMENT
in KEUR

304 DEVELOPERS
WORK ON NEXUS
SOFTWARE

16,542 KEUR
OPERATIVER
CASH FLOW
in 2016

Investments in 2016
20,950 KEUR
IN NEW
DEVELOPMENTS

NEXUS EMPLOYS
916 PEOPLE

107,051 KEUR
SALES

Report of the Supervisory Board

The Supervisory Board was informed promptly in written and oral reports at regular intervals by the Executive Board about the respectively current development of business, the risk situation and especially about important events in the business year 2016. The Supervisory Board has fulfilled its checking and monitoring obligations. The business transactions submitted for approval to the Supervisory Board due to legal and company statutes were checked and discussed with the Executive Board. In addition, the Chairperson of the Supervisory Board as well as his deputy were informed about the course of business at regular intervals.

In the fiscal year 2016, Dr. Hans-Joachim König (Chairman), Prof. Dr. Ulrich Krystek (Deputy Chairman), Prof. Dr. Ulrich Krystek (Deputy Chairman), Wolfgang Doerflinger, Gerald Glasauer, Prof. Dr. Alexander Pocsay and Prof. Dr. Felicia Rosenthal were members Supervisory Board during the whole year.

The Supervisory Board had four regular meetings in the fiscal 2016 year on 21 March 2016, 12 May 2016, 23 September 2016 and 16 December 2016. In addition, Supervisory Board meetings were held in the context of telephone conferences on 3 May 2016, 25 July 2016, 31 August 2016 and 25 October 2016 Supervisory Board resolutions were passed concerning the carrying out of company acquisitions and the reason for carrying out a stock buyback program.

The Supervisory Board dealt in depth the topic of “Corporate Governance” in its session on 16 December 2015, especially with the German Corporate Governance Code. The Supervisory Board passed a resolution about the common correspondence statement of Supervisory Board and Executive Board pursuant to Section 161 of the German Stock Corporation Act [AktG]). The corresponding declaration is published in the Internet at www.nexus-ag.de. In addition, the Supervisory Board dealt intensively with the Declaration on Corporate Governance (section 289a of the German Commercial Code (HGB)).

None of the Supervisory Board members was absent at more than half of the Supervisory Board meetings. The Auditing Committee created by the Supervisory Board met once in the business year 2016.

In addition to the cited committees, the Supervisory Board did not have any other committees in the business year 2016.

The Annual Financial Statement drawn up by the Executive Board of NEXUS AG, the Status Report, the Group Financial Statement and Group Status Report for the business year 2016 were audited with inclusion of the accounting of KPMG AG, Auditing Firm, Freiburg im Br. branch. KPMG AG was appointed auditor of NEXUS AG as well as of the NEXUS Group for the business year 2016 at the annual general meeting on 13 May 2016 and consequently appointed to conduct this audit. The auditors did not raise any objections and confirmed this in an unrestricted audit certificate. The Annual Financial Statement documents and the auditing report were submitted to the Supervisory Board on time; it checked them thoroughly and discussed them in detail in the meeting of the Auditing Committee and the Supervisory Board of 20 March 2017. The auditor also took part in the financial audit committee meeting and in the meeting on 20 March 2017 of the Supervisory Board, and the auditor reported about the essential results of the audit and answered any questions.

On the basis of the check of the Audit Committee and its own audit, the Supervisory Board approved the result of the check of the audit with a resolution of 20 March 2017. No objections were raised following the final result of the check by the financial audit committee and the check by the Supervisory Board. The Supervisory Board assessed and approved the Annual Financial Statement and the Status Report drawn up by the Executive Board, the Group Financial Statement and Group Status Report as of 20 March 2017.

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

Villingen-Schwenningen, 20 March 2017

Dr. Hans-Joachim König
Chairperson of the Supervisory Board:

Dr. Hans-Joachim König
Chairperson of the Supervisory Board

Our NEXUS-Management-Team

Hans-Peter Wutzke
NEXUS AG

Stefan Born
NEXUS Deutschland

Sabine Mücke
NEXUS AG

Roland Popp
NEXUS AG

Uwe Hannemann
E&L / NEXUS

Martin Matuschyk
NEXUS / CMS

Marc Sterenberg
NEXUS Nederland

Fred Hiddinga
NEXUS Nederland


Klaus Fritsch
NEXUS / DIS


Sylvia Unger
NEXUS / CMS
ASS.TEC


Ivo Braunschweiler
NEXUS Schweiz


Oliver Schmid
NEXUS Deutschland


Thomas Lichtenberg
Marabu


Ralf Günther
Marabu


Loïc Raynal
NEXUS France


Jean-Marc Trichard
NEXUS France


Patrick Stein
NEXUS AG


Michael Schösser
NEXUS Deutschland


Markus Erler
NEXUS Deutschland


Daniel Heine
NEXUS Deutschland


Bernd Hähner
IBH

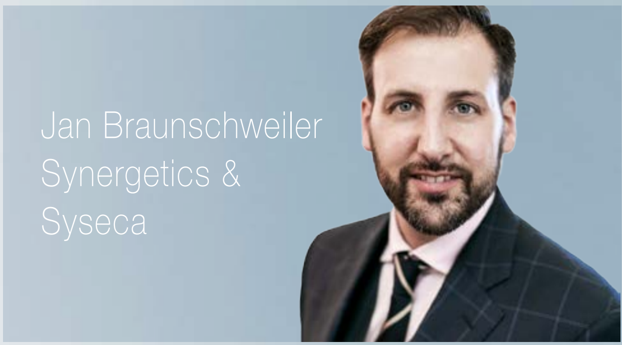

Clas Clasen
NEXUS / QM


Hagen Kühn
NEXUS / CSO


Timo Hornig
NEXUS / CSO


Peter Wegmann
NEXUS / CSO


Andreas Pribil
NEXUS Österreich



Jan Braunschweiler
Synergetics &
Syseca

Irene Graber
NEXUS Schweiz

Ulrike Stahnke
E&L

Udo Geißler
E&L

Sabine Süsskind
NEXUS / DIS

Christine Gärtner
NEXUS / DIS

Arnd Liman
NEXUS / DIS

Christian Frößl
NEXUS / CMS

Michael Lang
NEXUS / SWITSPOT

Ralf Kleer
ProLohn

Consolidated Report for the Business Year 2016

Basic Principles of the Group

Business model

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

+ NEXUS / HIS: Complete information system for somatic hospitals in Germany
+ NEXUS / PSYCHIATRY: Complete information system for psychiatric institutions
+ NEXUS / HOME: Complete information system for senior citizen homes and nursing home chains
+ NEXUS / REHA: Complete information system for rehabilitation institutions
+ NEXUS / HOSPIS: Complete administration information system for Swiss hospitals
+ NEXUS / DIS: Interdisciplinary diagnostic information system
+ NEXUS / GYNECOLOGY: Information system for obstetric institutes and gynecology
+ NEXUS / PATHOLOGY: Information system for pathology and cytology institutes
+ NEXUS / RADIOLOGY: Radiology information (RIS) and imaging system (PACS) for radiology wards and offices
+ NEXUS / INFORMATION STORE: Management information systems for hospitals
+ NEXUS / QM: Information systems for quality management in the healthcare system
+ NEXUS / CSSD, NEXUS / SPM and EuroSDS: Information system for product sterilization processes in hospitals
+ NEXUS / INTEGRATION SERVER: Interface management for hospital information systems in hospitals
+ NEXUS / IT: Outsourcing solutions in healthcare
+ NEXUS / SPECIAL DIAGNOSTICS and Clinic WinData: Information systems for medical specialist diagnostics and device integration
+ ASS.TEC: Process and HR consulting in the SAP environment
+ NEXUS / OUTPATIENT CARE and Asebis: The complete Spitex (home care) solution for the Swiss market
+ NEXUS / ARCHIVE and PEGASOS: Archiving and process management in healthcare
+ Emed: Web-based hospital information system for French healthcare institutions
+ NEXUS / xCare: Complete information system for somatic and psychiatric institutions in the Netherlands
+ TESIS: Complete information system for somatic hospitals in Catalonia, Spain
+ NEXUS / VITA and TESIS VITA: Complete information system for invitro clinics
+ NEXUS / SWITSPOT: Software solutions to complement SAP HR management

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

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

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

The NEXUS Group is represented at the sites Donaueschingen, Aachen, Berlin, Böblingen, Erlangen, Frankfurt (Main), Hanover ,Ismaning, Jena, Kassel, Neckarsulm, Ratingen, Singen (Hohentwiel), Vienna (A), Wallisellen (CH), Altishofen (CH), Basel (CH),Lugano (CH), Lucerne (CH), Grenoble (F), Creuzier- le-Neuf (F), Nieuwegein (NL) and Sabadell (ES). NEXUS AG sets the decisive strategic orientation of the Group.

Control system

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

Research and Development

NEXUS Group does not conduct any research, but instead only software development. In 2016, investments were especially made for developments for the products NEXUS / HIS and NEXUS / KIS as well as for NEXUS / HISNG, NEXUS / RADIOLOGY, xCare, Emed and mobile apps. Additional supplementary products were developed new and launched on the market directly. The NEXT GENERATION software is being developed within NEXUS AG and supported by the establishment of a private development group.

Development costs in the amount of KEUR 5,444 were capitalized in 2016 (previous year: EUR 5,288). In addition to the cited new products, the developments capitalized in 2016 also contain performances, which are connection with the further development of existing NEXUS products.

Development investments, which can be capitalized, amounting to approx. KEUR 5,200 are planned for the business year 2017. A total of 304 people were employed in the development sector at the end of the fiscal year (previous year: 287). A total of KEUR 20,950 (previous year: KEUR 18,118) were spent for development. Of the sales in 2016, KEUR 18,599 (previous year: KEUR 16,676) are thanks to license revenue.

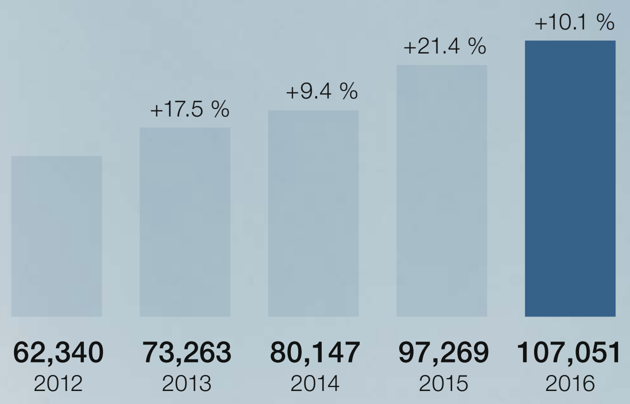
Report on the Economic Situation

Overall Economic and Industry-Related General Conditions

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

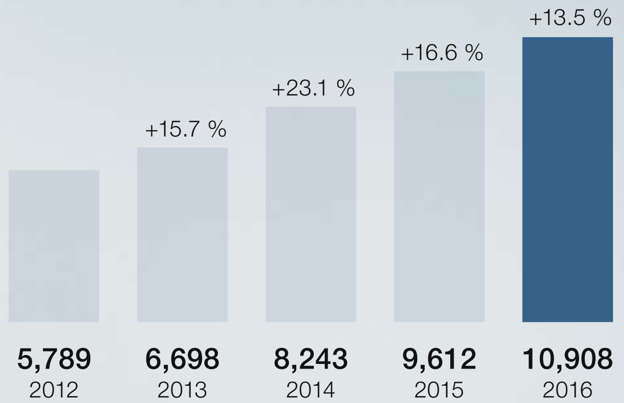
+10.1 % compared to previous year

Group sales in KEUR



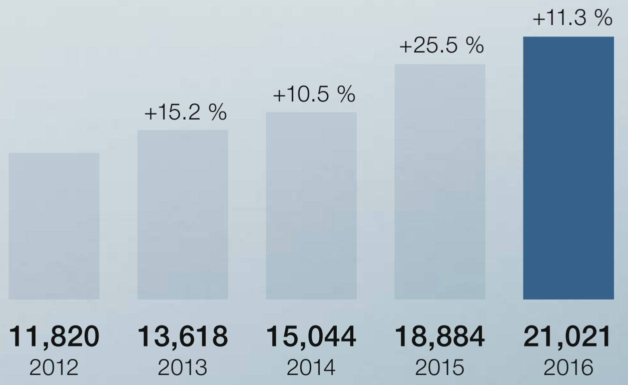
+13.5 % compared to previous year

Result before tax on income in KEUR



+11.3 % compared to previous year

EBITDA in KEUR



Technology Trends

Observing information technology trends and developments is extremely important for the strategy of NEXUS. The technology trends of the respective year regularly published (cf. Gartner report "Top 10 Strategic Technology Trends for 2017": October 2016) provide a good orientation framework in this context.

We have classified the following 5 trends as significant for NEXUS:

Trend I: Artificial Intelligence (AI):

With the technologies and techniques of artificial intelligence, new possibilities are being opened that go far beyond the traditional rule-based algorithms. The new software generations understand, learn, adapt and operate completely autonomously. NEXUS started in 2016 to implement and test the first AI functions in its software.

Trend II: Smart apps:

such as "virtual personal assistants" are attributed to the application area of artificial intelligence. The aspect of "learning systems" is especially a feature of smart apps and helps users to produce increasingly better results. Diverse applications of smart apps are conceivable in the medical profession, and NEXUS is working on their implementation in initial areas.

Trend III: Mesh App and Service Architecture (MASA):

"Architectures" that connect multiple user in multiple roles with multiple users in multiple devices via multiple communication networks are increasingly important. MASA enables users to work via mobile, web, desktop or IoT applications without noticing a change of the platform. In medical applications, we see considerable potential for these architectures in the "mobile world" and in "communication with medical devices".

Trend IV: New input-output procedures:

The use of new input-output procedures is in the making and will use audio, video, touch, taste, smell and other sensory channels and combine them. As a result, communication to and from systems will be enrich and become more intuitive. This area is important for NEXUS in supporting physician-patient.

Trend V: Security architectures capable of learning

Artificial intelligence, the Internet of Things and the intensity of digital communication result in higher vulnerability for our customers from the "hacker” industry. Pure parameter or role-based security systems are inadequate for cloud applications and integrated value chains between customers, partners and suppliers. Topics such as “Application Self Protection” and “User Behavior Analytics” as well as “Endpoint Protection" and "Vulnerability Management" are becoming increasingly important and are an integral part of NEXUS application development.

Outlook:
NEXUS believes that there will be major developments in the areas of 'artificial intelligence', 'mobility' and "new architectures" in the next few years. For NEXUS as a supplier of innovative software solutions, it is important to evaluate the developments described above and oriented its own development projects to them. We are already active in many of these developments with our new NEXT GENERATION technology. We will also focus more strongly on the topics of "AI" and "new architectures" and offer new products in these areas.

Competitive Environment

The market for software systems in the medical area is still characterized by tough competition and strong supplier concentration. The consolidation within our industry has not progressed at the same speed in 2016. After numerous companies in our industry were taken over in 2014 and 2015, only the merger of the Italian DEDALUS Group with the also Italian NOEMA Life Group were announced in 2016.

As before, however, further changes are to be expected in the competitive environment. From our viewpoint, there are only few competitors on the European market in addition to NEXUS, which are considered to have long-term potential.

Trend of Business

Sales and Market Development

The positioning of NEXUS as solution provider in the European healthcare system has been communicated clearly in the meantime, and the order successes as well as the number of installations have resulted in a high degree of familiarity of the NEXUS Group over the past years. We also pursued further expansion of our European activities in 2016 and were able to increase sales.

In the rather restrained markets, the companies of the NEXUS Group were very successful with respect to sales in 2016. This applies especially to the core markets Germany and Switzerland as well as France and the Netherlands.

New customers were won particularly in the diagnostic product areas and in quality management in the past year. NEXUS / RIS, NEXUS / GYNECOLOGY and the products of CWD and PEGASOS are worth highlighting here, which achieved very significant increases in orders. The service business evolved very positively, and we were able to win a few significant orders in the area of the overall systems of NEXUS / HIS, Emed and xCare.

Production and Company Integration

The company divisions of NEXUS did not change in 2016. As previously, business is divided into independent business areas, which are responsible for their product and market activities within the context of Group planning. In addition to the separation into divisions, we also have regional grouping, which mainly refers to the countries Switzerland, Germany, Austria, the Netherlands and France as well as Spain since 2016.

In 2016, the central offices of Controlling, Marketing and Development were expanded further within the Group.

A few changes were made to the investment structure in 2016:

+ NEXUS AG purchased a 90.0% interest in switspot Verwaltungs GmbH, Neckarsulm, on 4 May 2016.
+ NEXUS AG acquired 90.0% of the shares of SISINF SL, Sabadell / Spain on 26 July 2016.
+ NEXUS AG purchased a 100.0% interest in IBH Datentechnik GmbH, Kassel, on 5 September 2016.

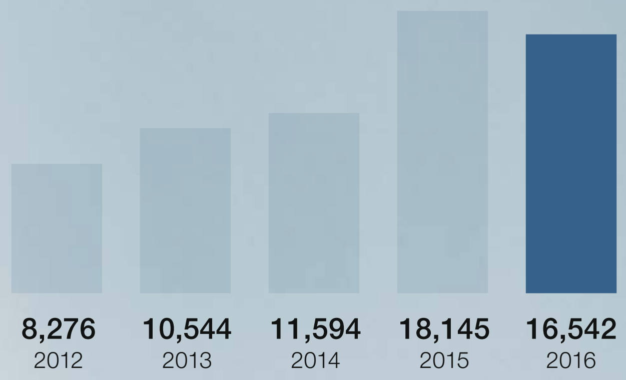
Growth and Operating Result

Contrary to the previous year forecast, in which slightly increasing values in sales and earnings before taxes were assumed, the sales and earnings before taxes were significantly exceeded. With sales of EUR 107.1 million, NEXUS AG surpassed its previous year's sales of EUR 97.3 million by a considerable amount. The result before taxes increased from EUR 9.6 million in the previous year to EUR 10.9 million. The market position of NEXUS AG has improved further thanks to the new orders, especially in Germany, the Netherlands and France.

The sales focus of NEXUS in 2016 remained in the Healthcare Software Division. Compared to the previous year, the division again increased sales by approx. EUR 8.2 million to EUR 97.7 million.

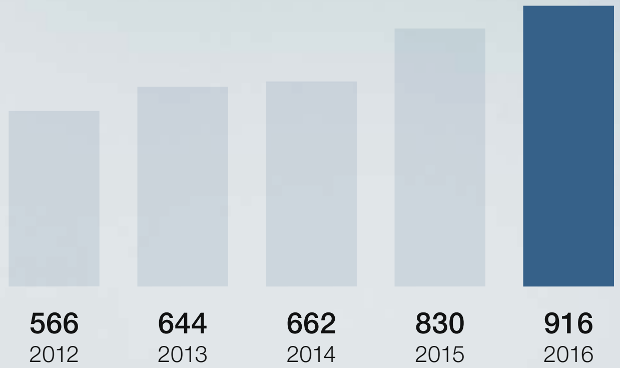
Cash flow compared to previous year

from current business transactions in KEUR



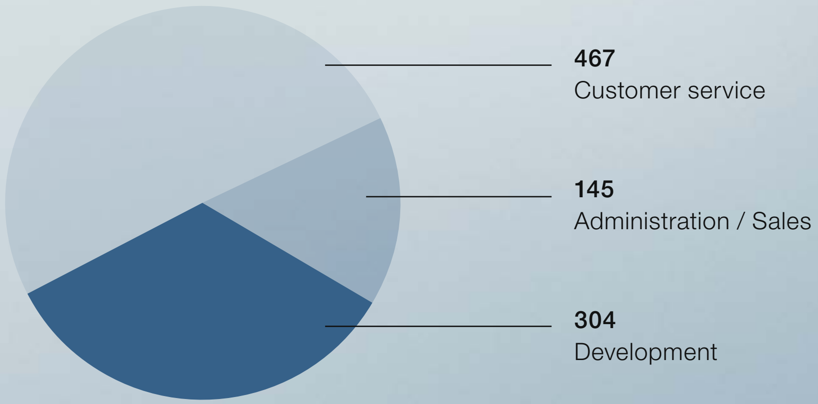
Number of employees

in the NEXUS Group respectively on 31 December including Executive Board members



Total of 916 employees

Staff structure incl. Executive Board



The international share of business was 48.8 % in 2016 (previous year: 49.8 %) of total business volume. Our activities in foreign countries are an essential component of our business. We invest considerably into development and production for foreign markets as well as consider possible company acquisitions to simplify entry into markets. International business is currently especially concentrated on the Swiss, Dutch, French and Austrian markets. Sales effects from exchange rate fluctuations compared to 31 December 2016 especially concerned Swiss francs. The average exchange rate of Swiss francs in 2016 was EUR 1.09 (previous year: EUR 1.08). The effect on sales of the exchange rate changes amounts to KEUR -224 in 2016 (previous year: EUR +2,986).

Sales by approx. 12.3% in Germany and reached KEUR 54,824 following KEUR 48,804. In addition to new orders, the main reasons were the acquisitions made in Germany as well as new outsourcing projects in the second half of the year. Additional revenue effects of KEUR 3,584 were obtained due to the acquisition of nexus / switspot GmbH, NEXUS SISINF SL and IBH Datentechnik GmbH. The sales of NEXUS Group would have been correspondingly lower without the initial consolidation of these companies.

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

Assets, Finances and Profit Situation

The NEXUS Group had consolidated sales of KEUR 107,051 in 2016 following KEUR 97.269 in 2015. This represents an increase in sales of KEUR 9,782 (+10.1%). The increase in personnel expenses from KEUR 56,476 to KEUR 63,895 (+13.1%) resulted from the increased number of employees. Material expenses of KEUR 17,330 increased by 9.5% compared to the previous year (KEUR 15,825). The EBITDA 2016 was KEUR 21,021 following KEUR 18,884 in 2015 (+11.3%). As a result, NEXUS Group has improved the EBITDA on an annual basis again. The period result before taxed (EBT) for the year improved from KEUR 9,612 in the previous year to KEUR 10,908 (+13.5 %). There were write-offs in the amount of KEUR 10,092 (previous year: KEUR 9,243). This mainly concerns scheduled write-offs on capitalized development costs, technologies and customer base. The first-time consolidation of the acquired companies in fiscal year resulted in a net increase in EBT of KEUR 370.

The Group annual surplus increased compared to the previous year (KEUR 7,777) to KEUR 8,611 (+10.7%). This increase is due to higher revenues and the resulting economies of scale.

The results within the areas have evolved positively. The Healthcare Software Division achieved a result of KEUR 9,902 before taxes and interest (EBIT) following an EBIT of KEUR 8,797 in the previous year (+12.6%). The Healthcare Service Division improved in its result before taxes and interest from KEUR 843 in the previous year to KEUR 1,024 (+21.5 %) in 2016. The previous forecast for the two business areas of Healthcare Software and Healthcare Service was achieved for all three performance indicators.

OUR BIGGEST SITES

in Germany, Austria, Switzerland, France, Spain and the Netherlands.

Goodwill and company values in the amount of KEUR 46,951 (previous year: KEUR 39,126) have maintained their value completely as of the balance sheet cut-off date according to our performed impairment tests. For the other intangible assets in the amount of KEUR 37,168 (previous year: KEUR 36,000), which are composed mainly of our own capitalized developments as well as acquired technology and customer base, there were no indications of value reductions in 2016. Intangible assets including goodwill currently amount to KEUR 84,119 (previous year: KEUR 75,126) and thus represent 60.2 % (previous year: 57.9 %) of the balance sheet total.

Short-term financial assets increased by KEUR 2,744 to KEUR 2,933 compared to the previous year.

The equity capital of NEXUS Group was KEUR 95,802 on the cut-off date following KEUR 89,060 in the previous year, which corresponds to an equity capital rate of 68.6 % (previous year: 67.3 %). A dividend of 14 cents per share (EUR 2,202,393.90) was paid to stockholders in 2016.

The down payments received (other non-financial debts), which especially represent down payments from customers for software projects, decreased from KEUR 6,679 in the previous year to KEUR 4,172.

The amount of cash assets plus financial assets held as liquidity reserves and borrower's note loans was KEUR 18,856 as of 31 December 2016 (previous year: KEUR 20,943). This-corresponds to 13.5 % (previous year: 16.1 %) of the balance sheet total. Trade receivables and other receivables decreased slightly (-1.4 %) despite the greatly increased business volume and amounted to KEUR 20,132 on 31 December 2016 following KEUR 20,411 in the previous year.

The inflow and outflow of funds is shown in the cash flow statement. The cash flow from current business activities reduced from KEUR 16,542 to KEUR 18,145 in the business year 2016 (-8.8 %). The cash flow from investment activities was KEUR -16,341 as of the balance sheet date (previous year: KEUR -16,745). Cash flow from financing activities (KEUR -2,409; previous year: KEUR +3,190) was mainly due to dividend disbursements and payments due to purchasing own shares.

A total of KEUR 10,217 (previous year: KEUR 9,062) was invested in the Healthcare Software Division and KEUR 234 (previous year: KEUR 181) in the Healthcare Service area. nexus / switspot acquired in fiscal 2016 was allocated to the Healthcare Service segment, and NEXUS SISINF and IBH Datentechnik were assigned to the Healthcare Software segment.

Investments / Acquisitions

In addition to the corporate interests represented in "product and company integration", there was investment in the expansion and renovation of land and buildings acquired in 2015 in Donaueschingen in 2016. The move into the new building took place as planned in 2016 KEUR 4,415 was invested as of the cut-off date.

Other Financial Obligations

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

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

Principles and Objectives of Finance Management

NEXUS finance management targets ensuring the financial stability and flexibility of the company. A balanced ratio between own and outside capital plays an essential role in this. The capital structure of NEXUS Group is composed of 68.6 % equity capital and 15.8 % shortterm outside capital. The short-term outside capital essentially consists of payables for goods and services as well as down payments received, which are to be attributed to operative business. The Group is mainly financed centrally via NEXUS AG to manage liquidity.

Financial and Non-Financial Performance Indicator

The financial performance indicators (key figures) of the NEXUS Group, i.e., sales and result before taxes, have developed positively in the Group. The key figures of sales and revenue increased in the Healthcare Software Division. Sales and earnings before taxes increased substantially in the Healthcare Service Division. The non-financial performance indicator "relative market position" has also increased after the increase in sales of the NEXUS group in the important segment of Healthcare Software above the average increase of the major competitors.

Course of Business of the Company Divisions

Health Care Software Division: Growth and Innovation

The Healthcare Software Division provides software products, which we created, on national and international markets for institutions in the healthcare sector. This division achieved (external) sales of KEUR 97,705 in 2016 following KEUR 89,521 in the previous year. This represents an increase of 9.1%. In particular, the demand for new products and other services in the field of clinical information systems (NEXUS / HIS) and diagnostic information systems (NEXUS / DIS) produced this growth.

Stock Market, Event and Financial Data

Investor Relations

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

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

9 May 2017
Quarterly Report Q1/2017

12 May 2017
Annual Stockholders Meeting 2017, Stuttgart

15 August 2017
Semi-Annual Report 2017

7 November 2017
Quarterly Report Q3/2017

27 – 29 November 2017
Analyst Event, Frankfurt

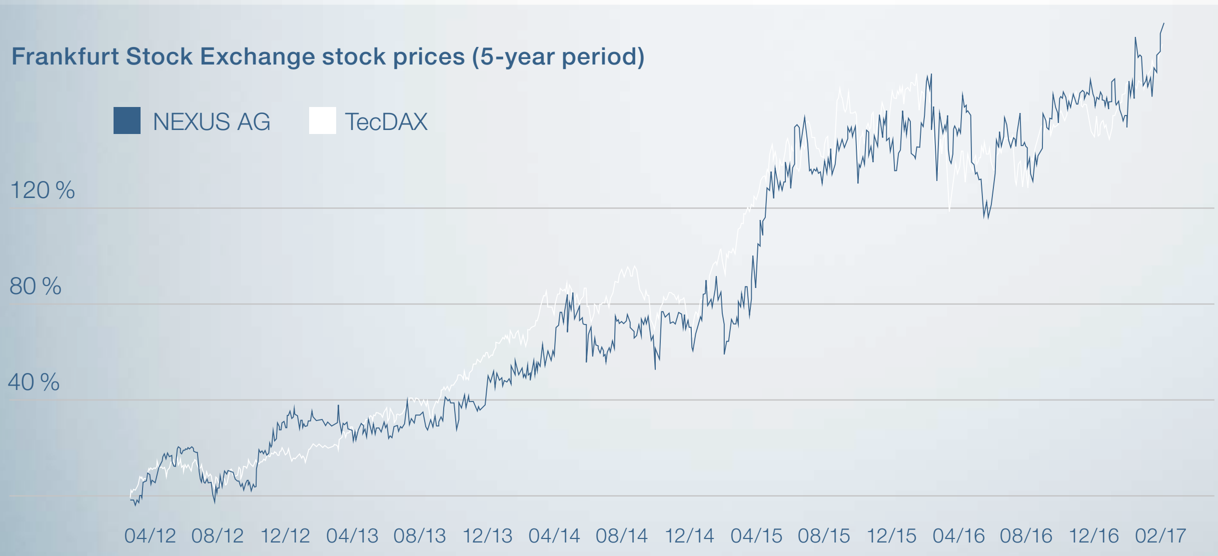
Dividends

We are convinced that our shareholders should be appropriately involved in the 2016 result. At the same time, further equity financing of our growth plans must be ensured. The Executive Board and Supervisory Board will propose at annual general meeting to pay to shareholders a one cent higher dividend compared to the previous year, i.e., 0.15 EUR (2015: 0.14 EUR).

Stock Market Prices (closing prices in Frankfurt)

	2016	2015	2014	2013
Highest	19.22	18.99	13.36	11.18
Lowest	15.10	11.71	10.50	8.63
Stock Market Capitalization (business year in millions of euros)	277.9	294.3	182.8	163.9
Result per share (diluted) in EUR	0.52	0.48	0.55	0.48

Frankfurt Stock Exchange stock prices (5-year period)



Healthcare Service Division: Stability and Innovation

The Healthcare Service Division provides IT outsourcing services for institutions in the healthcare system in Germany. This division achieved (external) sales of KEUR 9,346 in 2016 following KEUR 7,748 in the 2015 (+20.6 %). New orders in the field of outsourcing of application services have resulted in this strong growth.

Staff

The development of personnel is especially significant in the market of hospital information systems. In this area dependent on knowledge, in which medical knowledge is combined with informatics to create customer-oriented solutions, the success of development projects often depends on the knowledge and education of individuals. Consequently, NEXUS puts a great deal of value on efficient management of human resources. The number of employees and their structure at NEXUS has again increased due to new hiring and company acquisitions. While there were 830 employees in the previous year, 916 people were employed in the NEXUS Group on the cut-off date of 31 December 2016, including the Executive Board.

General Statement about the Condition of the Group

NEXUS developed positively with respect to all performance indicators in 2016. NEXUS has an attractive product program, a good market position in its core markets and stable customer relationships. Further growth can be achieved though self-financing.

Chances and Risks Report

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

In addition, NEXUS Group is confronted with short-term, mid-term and long-term strategic and operative risks, which concern changes and errors of the environment, industry, internal management and performance processes or the financial environment.

Risk Management

NEXUS has implemented an appropriate internal monitoring system as well as controlling instruments and risk management. In addition to intensive cost and result management, which is monitored within the framework of management supervisory board meetings at regular intervals, there is a risk management manual. The following chance and risk fields are monitored correspondingly by a management team:

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

Reporting, documentation and development of measures are regulated in the risk manual of NEXUS AG. The Executive Board checks its implementation at regular intervals. Three risk reports were submitted to the Executive Board from the offices responsible for it in 2016, and the Executive Board evaluated them.

Purchasing is essentially order-related and arranged after discussing and agreeing on this with the project manager responsible. Payments are approved by the Executive Board at NEXUS AG and by the respective managing director at the subsidiaries. The salary and wage settlement process is done mostly centrally in Donaueschingen for domestic companies and monitored by independent offices.

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

Increased attention is being paid to the development of business areas. They report their results monthly to the Executive Board. The Executive Board is directly involved in decisive decisions. For the control and monitoring, the subsidiaries are currently combined in eight business units according to products and markets, and they are in turn allocated to the two segments Healthcare Software and Healthcare Services.

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

Risks and Chances

Market and Industry Risks

There are decisive risks and chances, which could entail a considerable change of the economic situation at NEXUS, in the market and industry environment. NEXUS Group earns its sales revenues mainly from the sale of software licenses and services for the healthcare system in Germany, Switzerland, Austria, the Netherlands, France and Spain. The current overall economic environment continues to present a risk. Especially poor growth values in Europe resulted in cuts in many European public budgets, which also affect financing public budgets. Further budget cuts are to be expected for the healthcare system and especially for hospitals.

Gartner has forecast growth of 2.9 % for global IT expenditures in 2017. Strong growth can still be found in the area of company software. Gartner expects an increase of 7.2% in this segment in 2017. In a current study, Frost and Sullivan predict growth in the EHR (Electronic Health Record) market in Europe of 10% until 2020.

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

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

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

Operational and Other Risks

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

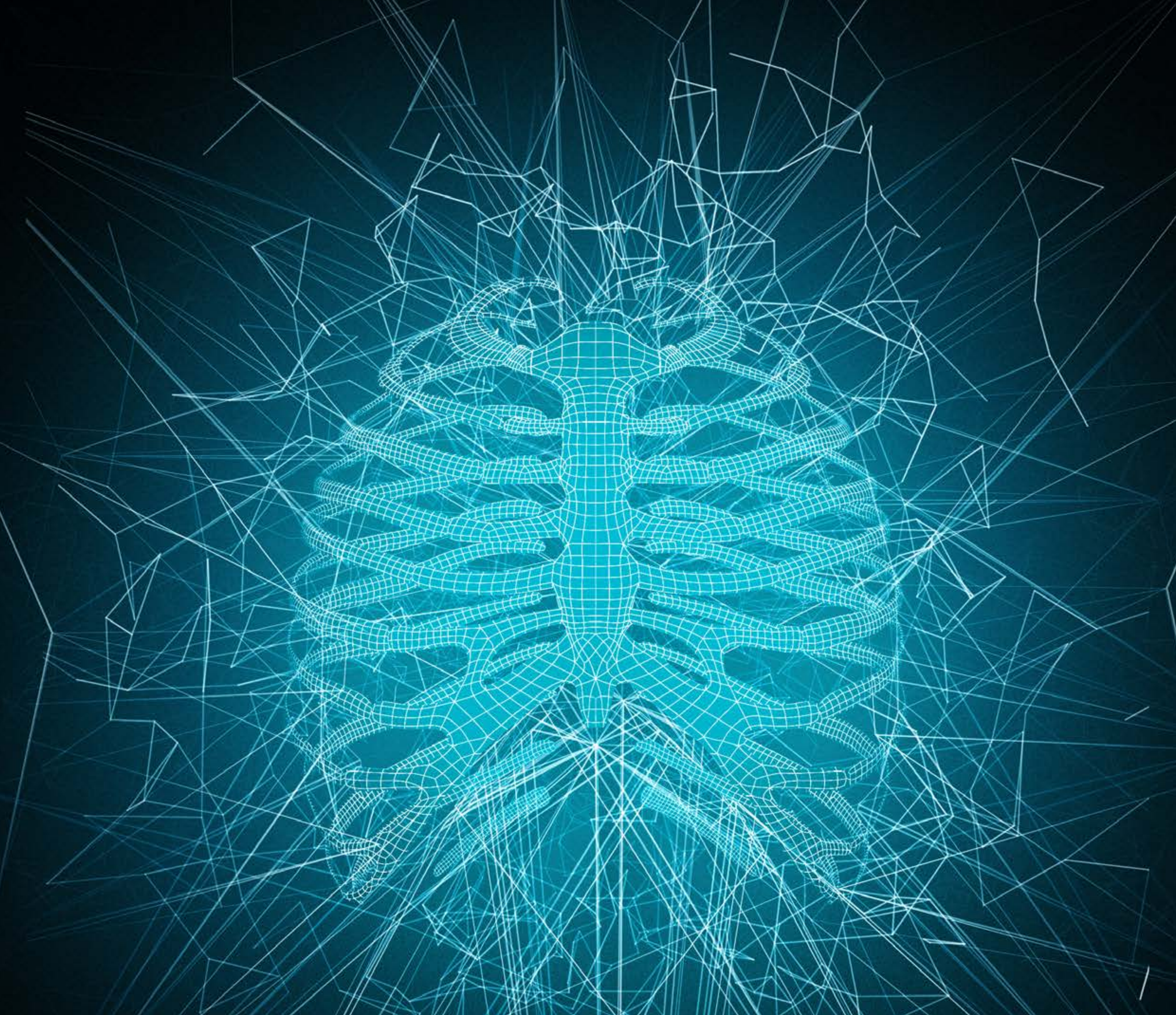
Marketing and Sales Risks: NEXUS cultivates the different markets with different sales models. Marketing is very demanding due to the complexity of the products. The loss of partners, employees or sales intermediaries is a risk, which could influence the revenue situation. An important factor for the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

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

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

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

Significant legal risks are not known at this time.



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

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

NEXUS has substantial intangible assets in the form of concessions / patents (KEUR 711; previous year: KEUR 834), goodwill (KEUR 46,951; previous year: KEUR 39,126), technology and customer base (KEUR 10,131; previous year: KEUR 10,105), brands (KEUR 8,792; previous year: KEUR 7,589) and development costs (KEUR 17,534; previous year: KEUR 17,472), which are capitalized in the balance sheet. On the balance sheet cut-off date, the value of the goodwill and brands was checked based on the DCF (discounted cash flow) method. Based on the expectation for positive results in the future, there is no need for devaluation. If the assumptions do not become reality in the future, there could be a need for devaluation of the goodwill and also of the other intangible assets.

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

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

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

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

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

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

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

Information Relevant to Acquisitions

Composition of Equity Capital and Securities Market Listing

NEXUS AG is listed on the Frankfurt securities market in Prime Standard under securities identification number (WKN) 522090. The subscribed capital in the amount of EUR 15,735,665 is composed of the following: Common stocks: 15,735,665 shares at the accounting par value of EUR 1.00 each. Refer to the German Stock Corporation Law (subsection 8 ff AktG) for information about the rights and obligations with respect to the individual share certificates. A total of 15,719,693 shares have been issued as of the cut-off date.

Restrictions of the Stocks

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

Direct or Indirect Shares of Capital

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

Stockholders with Special Rights

There are no stockholders with special rights that grant control rights.

Type of Voting Right Control in the Case of Employee Participations

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

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

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

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

With its resolution of 18 May 2015, the annual general meeting of NEXUS AG authorized the Executive Board to repurchase up to a total amount of 10 % of the capital until 30 April 2020, which was present in convening the general meeting, i.e., to acquire up to a maximum 1,573,566 shares with the notional par value of EUR 1.00. The Executive Board is authorized under the authorization to redeem the acquired own shares with the approval of the Supervisory Board without further shareholders' resolution as well as the shareholders' subscription rights in the case of use of own shares subject to the detailed provisions published in the Federal Gazette, item 7, on 7 April 2015, of the agenda of annual stockholders meeting of NEXUS AG. It is also empowered to offer the stocks purchased based on the granted empowerment with approval of the Supervisory Board to a third party within the context of company mergers or at purchase of companies or participating shares in companies. The subscription rights of stockholders to their own stocks are insofar excluded.

Of 25 October 2016, with the consent of the Supervisory Board, the Executive Board of NEXUS AG resolved to exercise the authorization granted by the Annual General Meeting of 18 May 2015 to purchase up to 200,000 of its own shares (representing 1.27 % of share capital) of the company pursuant to Section 71 para. 1 No. 8 of the Stock Corporation Act (AktG). The authorization is restricted to the time period until 30 April 2020 and limited to 10 % of the equity capital. For this share buy-back program, 16,056 own shares were purchased (= EUR 16,056 share capital) by 31 December 2016. This corresponds to a share of capital stock of 0.1 %.

A total of 16,056 shares were purchased valued at an average price of EUR 18.47 as of 31 December 2016.

Authorized Capital

The Executive Board is empowered to increase the capital stock of the company in the period until 30 April 2021 with approval of the Supervisory Board one time or several times up to a total of EUR 3,000,000.00 via issue of new no-par bearer stocks (individual share certificates) against cash and/or capital subscribed in kind (authorized capital 2016). The new shares can also be issued to employees of the company or an affiliated company. The Executive Board shall decide about the conditions of the stock issue subject to approval by the Supervisory Board. The Executive Board is also empowered – subject to approval by the Supervisory Board – to decide about the exclusion of stock rights of stockholders in the following cases:

a) For residual amounts
b) For issue of new stocks to employees of the company or an affiliated company
c) For issue of new stocks against capital subscribed in kind for purchase of companies, company parts or shares in companies
d) At issue of new stocks against cash investment, if the issue amount of the new shares does not fall substantially short of the already the listed price of shares already listed on the securities markets of the same class and same investment at the time of final determination of the issue amount by the Executive Board in the sense of Subsection 203 para. 1 and 2, 186 para. 3 sentence 4 of the German Stock Corporation Law (AktG) and the proportional amount of the capital stock for the new shares does not exceed 10 % of the capital stock existing (EUR 15,735,665.00) at the time of entering this empowerment in the commercial register and – cumulatively – 10% of the new stocks existing at the time of the issue, for which the subscription right was excluded. The proportional share of capital stock is to be deducted at the highest limit of 10 % of capital stock, which applies to the new or repurchased shares, which were issued or sold since entry of this empowerment in the commercial register with simplified purchase right exclusion pursuant or corresponding to Section 186 para. 3 sentence 4 of the German Stock Corporation Law (AktG) as well as the proportional share of capital stock, which refers to the option and/or conversion rights from option and/or convertible bonds and/or conversion requirements, which were issued or sold since entry of this empowerment in the commercial register pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Law (AktG).

Conditional Capital

The capital stock of the company was increased conditionally by EUR 1,400,000.00 via issue of up to 1,400,000 registered share certificates with an accounting par value of EUR 1.00 each (Conditional Capital 2012). The conditional capital serves for securing purchase rights from stock options, which were granted based on the empowerment of the annual general meeting of NEXUS AG on 23 May 2012. The conditional capital increase will only be carried out insofar as stock options are issued and the owners of these stock options use their subscription rights and the company offers its own stocks not in fulfillment of subscription rights.

Essential Agreements, Which Are Subject to a Control Change due to a Takeover Offer

There are no essential agreements of the company, which are subject to a control change due to a takeover offer.

Compensation Agreements

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

Main Features of the Remuneration System for the Executive Board

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

The success-independent base remuneration is composed of a fixed sum, paid in 12 monthly payments, and nonmonetary compensation, which equal the value of company car use in line with tax stipulations. For the employee pension scheme, the Group also makes payments into a life insurance policy and a pension fund.

The success-independent components include an annually recurring component linked to company success and a component with a long-term stimulus effect and risk character in the form of a bonus. The annually recurring components are oriented to the EBIT of the NEXUS Group and fulfillment of targeted values. The component with long-term incentive effect is linked to the development of the stock price of NEXUS AG.

The following persons were on the Executive Board as of 31 December 2016:

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

The base salaries are as follows:

Salary Components (in KEUR)	2016	2015
Non-performance-related components	663	663
a) Services due in the short term	638	638
b) Benefits after termination of employment	25	25
Performance-related components without long-term incentives	400	350
Total	**1,063**	**1,013**

The Executive Board received basic pay in the amount of KEUR 1,063 (previous year: KEUR 1,013) during the business year. This includes KEUR 25 (previous year: KEUR 25) for the pensions of the Executive Board. Stock-based compensation was agreed upon with the Executive Board members in May 2014. Dependent on the increase in company value, it is composed of max. 160,000 shares, which will become due during the term and are based on the development of stock prices between 2015 and 2017 (AOP 2015-2017).

Based on the resolution of the general stockholders meeting of 23 May 2012, no individualized information about the salaries of Executive Board members is provided in line with Section 286 para. 5 of the German Commercial Code (HGB) for the business years 2012 until 2016.

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

Compensation of the Supervisory Board

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

The following persons are members of the Supervisory Board:

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

The overall remuneration of the Supervisory Board amounted to KEUR 112 (previous year: KEUR 112). In addition to their work in the Supervisory Board, the members of the Supervisory Board provide services themselves or via companies affiliated with them for the NEXUS AG and invoice them in line with customary market conditions. In 2016, the expenses for such service fees amounted to KEUR 81 (previous year: KEUR 99). In addition, the Group maintains a pecuniary loss insurance policy for its executive body members (i.e., a directors and officers liability insurance policy).

Declaration about Company Management as well as Compliance Statement

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

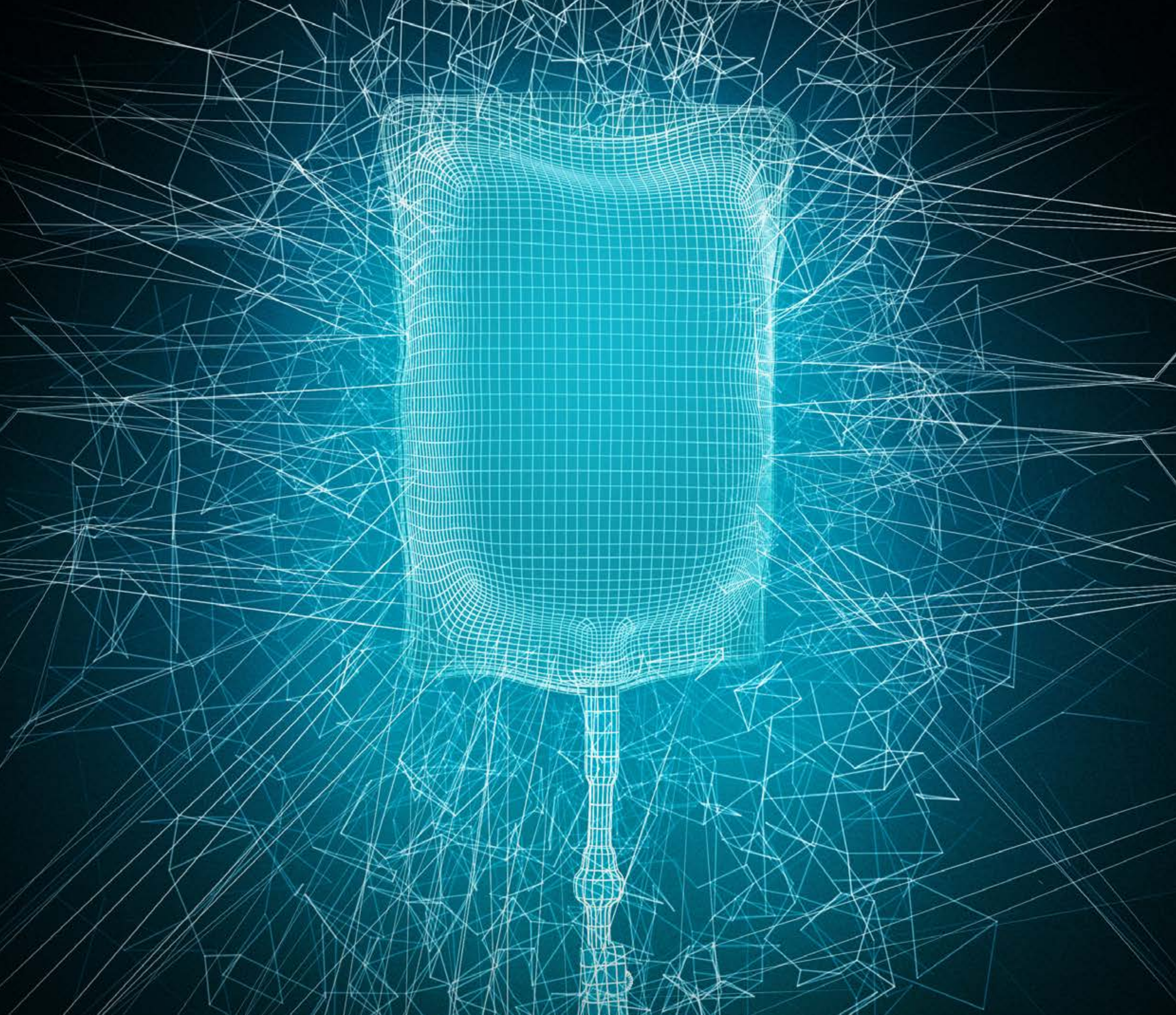
Summarized Depiction of the Chance and Risk Situation of the NEXUS Group

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

From the perspective of individual risks and from an overall risk position, it can currently be seen that the continued existence the company is not endangered. At the same time, management sees considerable chances to expand sales in the market segment of the NEXUS Group.

Forecast Report 2017

We are currently seeing an increasing willingness of hospitals in Europe to invest in digital technologies. Existing systems are being enhanced and service structures improved for the users. Despite this trend, we do not see s willingness in the hospitals to replace systems, for which no further development potential is expected. The market is still very restrained here. At the same time, health facilities are increasingly required to optimize their processes through software and to realize potential savings. Consequently, we assume that old systems will be replaced increasingly in the next few years.



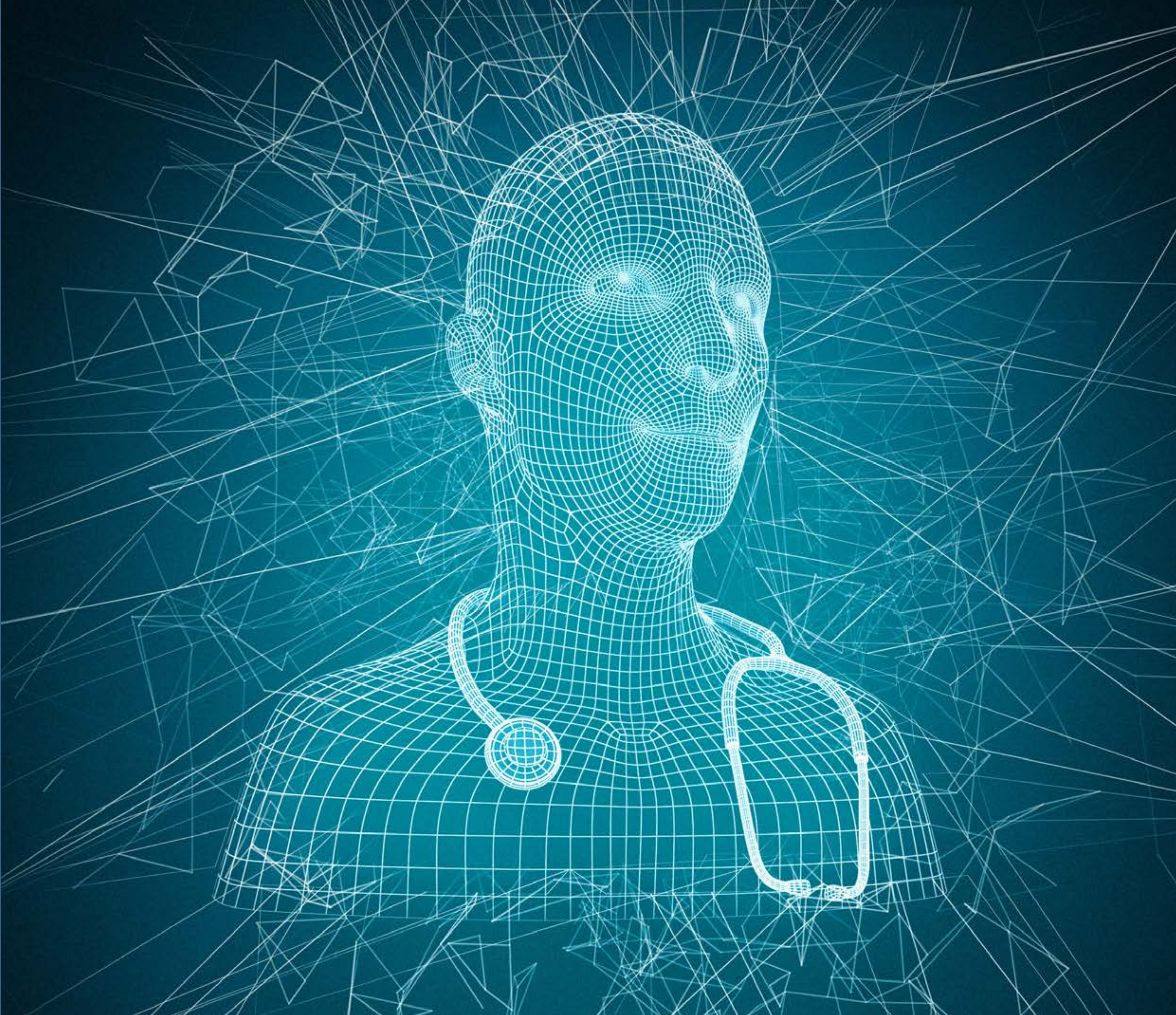
Thanks to our clear position, we are also able to achieve growth in a difficult market environment. We have been able to demonstrate this repeatedly in recent years. However, we will still have to face a number of challenges in 2017 to achieve our usual increase rates further. This includes the integration of recent company acquisitions as well as the further implementation of our NEXT / NEXUS programs. In addition, there are also the issues of the internationalization of our product program and Group-wide product standardization.

From a current perspective, we cannot clearly say how quickly measurable numbers are achieved for these measures. Independent of that, we expect slightly increasing values in all performance areas in our planning 2017. This applies to sales and earnings before tax. We also expect a slight improvement in our relative market position in the relevant markets. This forecast applies both to the Healthcare Software and Healthcare Service Divisions. This includes investments in the internationalization and enhancement of our product range. These investments can also be supported by acquisitions when deemed necessary.

NEXUS AG
Villingen-Schwenningen, 20 March 2017

The Executive Board

Dr. Ingo Behrendt
Ralf Heilig
Edgar Kuner



Consolidated Balance Sheet as of 31 December 2016

Assets		31/12/2016	31/12/2015
	Appendix	KEUR	KEUR
Long-Term Assets			
Goodwill	4	46,951	39,126
Other intangible assets	4	37,168	36,000
Fixed (Intangible) assets	5	8,508	4,901
Shares in companies valuated at equity	6	34	31
Deferred tax assets	8/25	3,085	4,123
Other financial assets	10	288	297
Total of Long-Term Assets		**96,034**	**84,478**
Short-Term Assets			
Inventories	7	1,201	706
Trade receivables and other receivables	9	20,132	20,411
Receivables from tax on profits		904	702
Other non-financial assets	11	2,096	2,126
Other financial assets	10	418	325
Short-term financial assets	10	2,933	2,744
Cash and balance in bank		15,923	18,199
Total of Short-Term Assets		**43,607**	**45,213**
Balance Sheet Total		**139,641**	**129,691**

Equity and Liabilities		31/12/2016	31/12/2015
	Appendix	KEUR	KEUR
Equity Capital	**12**		
Subscribed capital		15,736	15,736
Capital reserves		34,307	34,044
Retained earnings*		42,414	37,034
Consolidated surplus		8,146	7,583
Other cumulated Group result		-4,755	-5,042
Own shares		-244	-37
Equity capital attributable to stockholders of the parent company		**95,604**	**89,318**
Shares of non-controlling partners		198	-258
Total Equity Capital		**95,802**	**89,060**
Long-term Debts			
Pension obligations	13	11,574	10,815
Deferred tax liabilities	8/25	5,628	5,111
Other financial debts	15	4,521	1,206
Total of Long-Term Debts		**21,723**	**17,132**
Short-term Debts			
Accruals	14	978	938
Financial liabilities	15	0	14
Trade accounts payable	15	5,678	4,795
Liabilities from tax on profit	15	2,082	2,414
Deferred revenue	15	2,120	3,185
Other non-financial debts	15	6,293	8,805
Other financial debts	15	4,965	3,348
Total of Short-Term Debts		**22,116**	**23,499**
Balance Sheet Total		**139.641**	**129.691**

*The equity capital position of “Profit carried forward” was changed to “Retained earnings” in the fiscal year to increase transparency.

Group Profit And Loss Account from 1 Jan. 2016 to 31 Dec. 2016

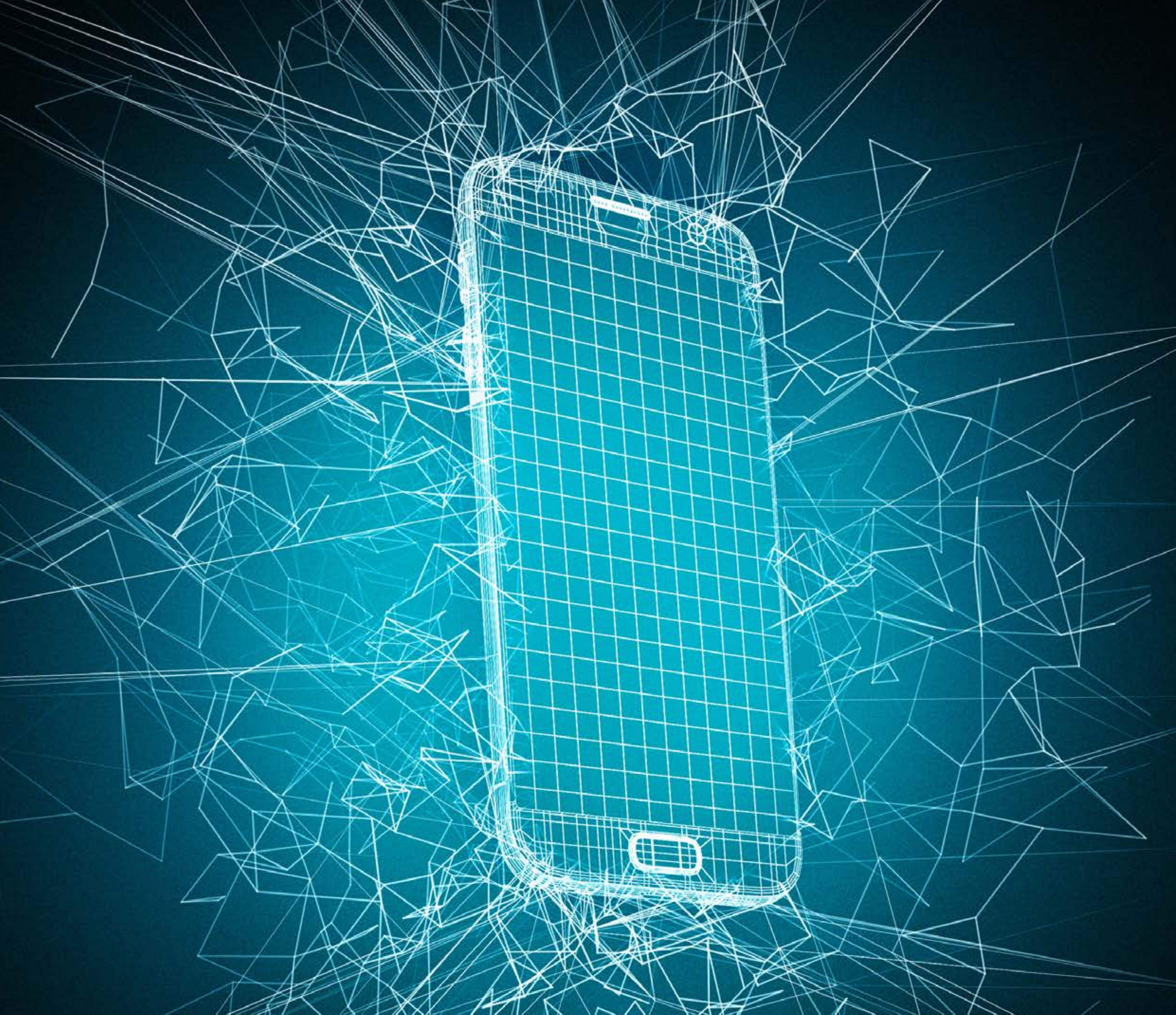
		2016	2015
	Appendix	**KEUR**	**KEUR**
Revenue	17	107,051	97,269
Development work capitalized		5,444	5,288
Other operating income	18	3,443	2,117
Cost of materials including purchased services	19	17,330	15,825
Personnel costs	20	63,895	56,476
Depreciation		10,092	9,243
Other operating expenses	21	13,695	13,490
Operating Result		**10,926**	**9,640**
Result from investments valuated at equity	22	3	-3
Finance Income	23	70	149
Finance Expenses	24	91	174
Result before Tax on Profit		**10,908**	**9,612**
Taxes on profit	25	2,297	1,835
Consolidated surplus		**8,611**	**7,777**
of the consolidated surplus, accounted to:			
– Stockholders of NEXUS AG		8,146	7,583
– Shares of non-controlling partners		465	194
Consolidated net earnings per share			
Weighted average (undiluted/diluted) of issued shares in circulation (in thousands)		15,731 / 15,781	15,618 / 15,662
Undiluted / diluted	26	0.52 / 0.52	0.49 / 0.48

Group Statement of Comprehensive Income from 1 Jan. 2016 to 31 Dec. 2016

	2016	2015
	KEUR	**KEUR**
Consolidated surplus	**8,611**	**7,777**
Other comprehensive income:		
Positions, which are never reclassified in profit or loss		
Actuarial profits and losses	152	-3,180
Tax effects	-21	330
	131	**-2,850**
Positions, which were never or never can be reclassified in profit or loss		
Currency conversion differences	146	1,194
	146	**1,194**
Other comprehensive income after taxes	**277**	**-1,656**
Overall Result of the Period	**8,888**	**6,121**
of the overall result of the period, accounted to:		
– Stockholders of NEXUS AG	8,432	5,626
– Shares of non-controlling partners	456	495

Consolidated Cash Flow Statement from 1 Jan. 2016 to 31 Dec. 2016

	Appendix	2016 KEUR	2015 KEUR
1. Cash Flow from Current Business Transactions	**28**		
Group annual result before tax on income		10,908	9,612
Write-offs (+) / write-ups (-) on intangible assets, tangible assets and financial assets	4/5	10,092	9,243
Other expenses not affecting payment (+) / revenue (-)		-846	-4,659
Increase (-) / decrease (+) in inventories	7	-265	-117
Gain (-) / loss (+) on disposal of fixed assets and securities		149	-201
Increase (-) / decrease (+) in receivables and other assets from operating activities		2,632	6,060
Increase (+) / decrease (-) of accruals insofar as not entered in other comprehensive income	13/14	398	3,642
Increase (+) / decrease (-) in liabilities from operating activities		-5,345	-5,221
Paid interest (-)		-57	-166
Received interest (+)		70	153
Taxes on profit paid (-)		-1,331	-881
Taxes on profit received (+)		137	680
		16,542	**18,145**
2. Cash Flow from Investment Activities	**29**		
Payments (-) for investments in intangible and fixed assets	4/5	-10,451	-9,243
Payments (-) for the acquisition of companies consolidated minus cash acquired	3	-5,925	-13,976
Payments (-) / receipts (+) from the acquisition/disposal of short-term financial assets	33	35	6,474
		-16,341	**-16,745**
3. Cash Flow from Financing Activities	**30**		
Receipts (+) from the issue of new shares in a capital increase		0	8,695
Dividends paid (-)		-2,202	-1,961
Payments (-) for the acquisiton of own shares		-296	0
Payments (-) for the acquisition of non-controlling interests for already consolidated companies	3	0	-3,787
Receipts (+) from the sale of own shares		89	243
		-2,409	**3,190**
Cash relevant changes in cash and cash equivalents (sum of 1 + 2 + 3)		-2,208	4,590
Exchange rate changes on cash and cash equivalents		-54	488
Cash and cash equivalents at beginning of period		18,185	13,107
Cash and cash equivalents at end of period		**15,923**	**18,185**
Composition of cash and cash equivalents			
Liquid funds		15,923	18,185
Bank liabilities due on demand		0	0
		15,923	**18,185**



Group Statement of Changes in Equity from 1 Jan. 2016 to 31 Dec. 2016

	Subscribed capital	Capital reserves	Retained earnings*	Annual net profit
	KEUR	KEUR	KEUR	KEUR
Consolidated equity as of 1 January 2015	**15,105**	**25,980**	**30,705**	**8,279**
Posting of consolidated surplus 2014 in the Group profit carried forward			8,279	-8,279
Actuarial profits and losses				
Deferred taxes entered in other comprehensive income				
Currency differences			11	
Other comprehensive income after taxes	**0**	**0**	**11**	**0**
Consolidated surplus 2015				7,583
Overall Result of the Period	**0**	**0**	**11**	**7,583**
Dividend payment			-1,961	
Sale of own shares		58		
Stock-Based Payment		262		
Increase of capital stock	631	7,966		
Change in capital reserve and own shares		-222		
Consolidated equity as of 31 December 2015	**15,736**	**34,044**	**37,034**	**7,583**
Consolidated equity as of 1 January 2016	**15,736**	**34,044**	**37,034**	**7,583**
Posting of consolidated surplus 2015 in the Group profit carried forward			7,583	-7,583
Actuarial profits and losses				
Deferred taxes entered in other comprehensive income				
Currency differences			-1	
Other comprehensive income after taxes	**0**	**0**	**-1**	**0**
Consolidated surplus 2016				8,146
Overall Result of the Period	**0**	**0**	**-1**	**8,146**
Dividend payment			-2,202	
Purchase of own shares				
Sale of own shares				
Share-Based Payment		263		
Revision of authorized capital at the Annual General Meeting of 13 May 2016				
Consolidated equity as of 31 December 2016	**15,736**	**34,307**	**42,414**	**8,146**

Equity capital difference from currency conversion	Pension reserves	Own shares	Equity capital attributable to stockholders of the parent company	Shares of non-controlling partners	Equity capital total	Authorized Capital
KEUR	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
897	**-3,971**	**-280**	**76,715**	**-903**	**75,812**	**6,353**
			0		0	
	-3,580		-3,580	400	-3,180	
	381		381	-51	330	
1,688	-457		1,242	-48	1,194	
1,688	**-3,656**	**0**	**-1,957**	**301**	**-1,656**	**0**
			7,583	194	7,777	
1,688	**-3,656**	**0**	**5,626**	**495**	**6,121**	**0**
			-1,961		-1,961	
		21	79		79	
			262		262	
			8,597		8,597	-631
		222	0	150	150	
2,585	**-7,627**	**-37**	**89,318**	**-258**	**89,060**	**5,722**
2,585	**-7,627**	**-37**	**89,318**	**-258**	**89,060**	**5,722**
			0		0	
	160		160	-8	152	
	-24		-24	3	-21	
242	-91		150	-4	146	
242	**45**	**0**	**286**	**-9**	**277**	**0**
			8,146	465	8,611	
242	**45**	**0**	**8,432**	**456**	**8,888**	**0**
			-2,202		-2,202	
		-296	-296		-296	
		89	89		89	
			263		263	
						-2,722
2,827	**-7,582**	**-244**	**95,604**	**198**	**95,802**	**3,000**

*) The equity capital position of "Profit carried forward" was changed to "Retained earnings" in the fiscal year to increase transparency.

Group Appendix for the Business Year 2016

1. General Information

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

Nexus AG is registered in the commercial registry of the Freiburg local court under number HRB 602434. Nexus AG is a stock corporation listed on the securities market and in the Prime Standard segment. This Group Financial Report was drawn up by the Executive Board and approved for forwarding to the Supervisory Board on 20 March 2017. Publication is after checking and approving by the Supervisory Board on 21 March 2017.

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

The address in the bylaws of the NEXUS AG is:
Auf der Steig 6, 78052 Villingen-Schwenningen, Germany

List of the consolidated subsidiaries, joint ventures and affiliated companies		**31/12/2016**	**31/12/2015**
Full consolidation	**Country**	**Capital share in %**	
NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H., Vienna	Austria	100.00	100.00
NEXUS / Germany GmbH, Donaueschingen [1)]	Germany	100.00	100.00
NEXUS . IT GmbH SÜDOST, Singen Hohentwiel	Germany	50.20	50.20
NEXUS/CMS GmbH, Donaueschingen [1)]	Germany	100.00	100.00
NEXUS Medizinsoftware und Systeme AG, Altishofen	Switzerland	99.98	99.98
syseca informatik ag, Lucerne	Switzerland	100.00	100.00
NEXUS/INOVIT GmbH, Ismaning	Germany	100.00	100.00
NEXUS/CIS GmbH, Singen Hohentwiel	Germany	100.00	100.00
NEXUS/DIS GmbH, Frankfurt am Main [1)]	Germany	100.00	100.00
NEXUS Switzerland GmbH, Schwerzenbach [2)]	Switzerland	100.00	100.00
NEXUS/QM GmbH, Ismaning [1)]	Germany	100.00	100.00
NEXUS / REHA GmbH, Donaueschingen	Germany	100.00	100.00
Flexreport AG, Wallisellen	Switzerland	100.00	100.00
NEXUS/CSO GmbH, Donaueschingen [1)]	Germany	100.00	100.00
VEGA Software GmbH, Aachen	Germany	60.00	60.00
Domis Consulting AG, Altishofen	Switzerland	100.00	100.00
Synergetics AG, Altishofen [3)]	Switzerland	60.00	60.00
NEXUS / OPTIM S.A.S., Grenoble	France	100.00	100.00
E&L medical systems GmbH, Erlangen [1)]	Germany	100.00	100.00
ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH, Donaueschingen	Germany	100.00	100.00
ProLohn GmbH, Singen	Germany	51.00	51.00
Marabu EDV-Beratung und -Service GmbH, Berlin [4)]	Germany	100.00	100.00
CS3I S.A.S., Creuzier-le-Neuf [5)]	France	100.00	100.00
NEXUS Nederland B.V., Nieuwegein [6)]	Netherlands	100.00	100.00
NEXUS Nederland Holding B.V., Nieuwegein	Netherlands	100.00	100.00
nexus / switspot GmbH, Neckarsulm [7)]	Germany	100.00	-
NEXUS SISINF SL, Sabadell [7)]	Spain	100.00	-
IBH Datentechnik GmbH, Kassel	Germany	100.00	-
Equity consolidation			
G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck	Germany	49.00	49.00
Palladium-med GmbH, Berlin	Germany	20.00	20.00

[1)] Use of the exemption rule pursuant to Section 264 Clause 3 of the German Commercial Code
[2)] The shares are held indirectly via NEXUS Medizinsoftware und Systeme AG, Altishofen.
[3)] The shares are held indirectly via Domis Consulting AG, Altishofen.
[4)] Share under company law is only 95.5 %. There is an option agreement for the remaining 4.5 %.
[5)] The shares are held indirectly via NEXUS / OPTIM S.A.S., Grenoble,
[6)] The shares are held indirectly via NEXUS Nederland Holding B.V., Nieuwegein,
[7)] Share under company law is only 90.0 %. There is an option agreement for the remaining 10.0 %.

2. Accounting and Valuation Method

2.1 Principles for Creating the Annual Statement

This Group Financial Report has been prepared in keeping with the provisions of International Accounting Standards Board (IASB) required by the European Union following the balance sheet cut-off date in accordance with Section 315a para. 1 of the German Commercial Code (HGB) and the supplementary commercial law regulations. It is in keeping with the provisions of International Financial Reporting Standards (IFRS) applicable on the cut-off date, including the still applicable International Accounting Standard (IAS) and supplementary interpretations (IFRIC and SIC). All applicable IFRS and IFRIC were considered for the business year 2016. Standards and interpretations of IASB, which are not applicable yet, have not been adopted.

Report Currency

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

Consolidation Group

In addition to the NEXUS AG as parent company, all operatively active domestic and foreign subsidiaries are included in the Group Financial Statement, for which NEXUS AG has the majority of voting rights directly or indirectly. Two affiliated companies were included in the balance sheets according to the equity method.

Consolidation Principles

All companies included as of 31 December 2016 drew up their Annual Financial Reports as of 31 December. These are shown in uniformly prepared, consolidation-capable financial reports in line with the International Financial Reporting Standards (IFRS) as they must be adopted in the European Union. Group-internal business transactions are eliminated thereafter.

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

Trade accounts receivable and payable between the consolidated companies are offset within the context of debt consolidation. Internal sales have been eliminated within the framework of expenditure and revenue consolidation. Elimination of interim results was not required due to its inessential nature.

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

The operating result shares, which other companies are entitled to, are shown separately below the consolidated surplus according or their shares are shown as separate positions within equity capital.
Assets and debts of foreign subsidiaries, whose functional currency is not the euro, were converted according to the rules of IAS 21. The functional currency is the respective country currency for all companies. The balance sheets of the Group Companies in Switzerland are accordingly converted with the cut-off date exchange rate of 1.0750 CHF / KEUR (previous year: 1.0892 CHF / KEUR), the Profit and Loss Account with the average exchange rate of 1.0902 CHF / KEUR (previous year: 1.0808 CHF / KEUR) , and the equity capital at historic rates. Any conversion differences resulting from that are entered in the other result in equity capital without effect on net income. The same applies to conversion differences within the context of debt consolidation insofar as it is a question of chargeable receivables and loans, which are to be considered as net investment in a foreign business operation according to IAS 21.32. All other conversion differences, which occur during debt consolidation, are entered with effect on profit.

2.2 Changes of the Accounting and Valuation Method

The adopted accounting and valuation methods correspond in principle to the methods used in the previous year. However, the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have decreed the adjustment of existing standards as well as a few new interpretations. All applicable International Accounting Standards (IAS) as well as IFRS and IFRIC were considered for the business year 2016. The new or modified standards or interpretations are displayed in the following table, which were used by NEXUS in the business year or were not used admissibly.

New, currently valid requirements

Standard / Interpretation	Title of the Standards / Interpretation or Amendment	Application for business years starting from	Effects on the NEXUS consolidated financial statement
Amendments to IFRS 11	Balancing accounts a purchase of shares in joint operations	1. January 2016	No effects
Amendments to IAS 1	Notes to the financial statements	1. January 2016	See below
Amendments to IAS 16 and IAS 38	Clarification permitted methods of depreciation	1. January 2016	No effects
Amendments to IAS 16 and IAS 41	Agriculture Bearer Plants	1. January 2016	No effects
Amendments to IAS 19	Performance-oriented plans: Employee Contributions	1. February 2015	See below
Amendments to IAS 27	Equity method in separate financial statements	1. January 2016	No effects
Improvements to IFRS 2010 - 2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38	1. February 2015	No effects
Improvements to IFRS 2012 - 2014	Amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34	1. January 2016	No effects
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment companies: Application of the exception from the consolidation obligation	1. January 2016	No effects

Amendments to IAS 1 – Notes to the Financial Statements
The changes concern several reporting issues. It is clear that notes to the financial statements are only necessary if their content is not negligible. This applies explicitly even if an IFRS requires a list of minimum details. In addition, explanatory notes to the aggregation and disaggregation of items in the balance sheet and the profit and loss account are included. It also makes it clear how to represent hare of other comprehensive income from companies valuated at equity in the statement of comprehensive income. Finally, the deletion of a model structure of the notes leads to taking better account of company-specific relevance

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
The changes clarify the provisions dealing with the allocation of employee contributions or contributions from third parties to the service periods if the contributions are related to service time. In addition, it is easier if the contributions are independent of the number of performed service years.
The changes do not have any noteworthy effects on NEXUS Group

Future Requirements

Standard/Interpretation	Title of the Standards/Interpretation or Amendment	Application for business years starting from[1)]	Effects on the NEXUS consolidated financial statement
EU endorsement has been given by the date of release for publication			
IFRS 9	Financial Instruments	1. January 2018	Effects still to be determined
IFRS 15	Sales revenue from contracts with customers	1. January 2018	Effects still to be determined
EU Endorsement is still pending			
IFRS 16	Leasing	1. January 2019	Effects still to be determined
Amendments to IFRS 2	Classification and valuation of share-based payments	1. January 2018	Effects still to be determined
Amendments to IFRS 4	Application of IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts	1. January 2018	No effects
Amendments to IFRS 10 and IAS 28	Selling or investing assets in affiliated companies or joint ventures	On 17 December 2015, the IASB has decided to postpone the date of initial application of this modification standard indefinitely.	No notable effects
Amendments to IFRS 15	Clarifications to IFRS 15	1. January 2018	Effects still to be determined
Amendments to IAS 7	Appendix information concerning the flow-of-funds analysis	1. January 2017	No notable effects
Amendments to IAS 12	Balancing account of deferred taxes at losses carried forward	1. January 2017	No notable effects
Amendments to IAS 40	Transfers of real estate held as financial investment	1. January 2018	No effects
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1. January 2018	No effects
Improvements to IFRS 2014 – 2016	Amendments to IFRS 12	1. January 2017	Effects still to be determined
Improvements to IFRS 2014 – 2016	Amendments to IFRS 1 and IAS 28	1. January 2018	Effects still to be determined

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

IFRS 9 – Financial Instruments
IFRS 9 issued in July 2014 replaces the existing guidelines in IAS 39 Financial Instruments: Strategy and Valuation IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model of expected credit losses to calculate the impairment of financial assets as well as the new general accounting rules for hedging transactions. It also adapts the guidelines for entering and writing off financial instruments from IAS 39.

IFRS 9 is to be applied for the first time for business years, which begin on or after 1 January 2018. Earlier application is permitted. NEXUS Group is in the process of determining the effects from the changed standard. No reliable information can be provided at this time concerning whether and which effects will take place.

IFRS 15 – Revenue from Contracts with Customers
IIFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, to what extent and at what time revenue is recognized. It replaces existing guidelines for the recognition of revenue, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is to be applied for the first time for business years, which begin on or after 1 January 2018. Earlier application is permitted. NEXUS Group is in the process of determining the effects from the changed standard. No reliable information can be provided at this time concerning whether and which effects will take place.

2.3 Essential discretionary decisions, assessments and assumptions

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

Depreciation of Goodwill

The Group checks at least once annually whether goodwill has depreciated. This requires estimation of the achievable amount of the cash-generating units, to which the goodwill is allocated.

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

Identified Customer Base and Technology at Company Acquisitions

The adjusted current value of the acquired maintenance contracts (customer base) and acquired technology at the time of the company acquisitions was determined on the basis of estimated benefits, especially on the basis of future expected payment surpluses discounted by an appropriate interest rate and written off over the expected time of use based on an assumed annual loss of customers.

Brand Rights Identified at Company Acquisitions

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

Contractual contingent purchase prices for companies acquired

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

Development Costs

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

Securities

Securities were classified as financial assets available for sale (AfS). Correspondingly, rate decreases and increases are entered under other revenue in equity capital until sale of the securities. Contrary to this, rate losses parked in equity capital until then are to be entered as expense even without sale if there are objective indications of a decrease in value. The assessment required here is subject to discretionary leeway.

Deferred tax assets

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

Pensions and Other Claims Payments after Termination of Employment

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

2.4 Summary of the Essential Accounting and Valuation Method

Balance Sheet Format

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

Financial Instruments

A financial instrument is a contract, which at the same results in creation of financial asset for one company and creation of financial liability or an equity capital instrument for another company. The financial instruments shown in the balance sheet (financial assets and financial liabilities) in the sense of IAS 32 and IAS 39 cover specific financial assets, trade account receivables, participating shares, securities, liquid funds, short-term loans, trade account payables as well as certain other assets and liabilities based on contractual agreements. In line with IAS 39, financial assets and liabilities are classified in the following categories:

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

The fair value option is not used. At the initial entry on the balance sheet, these financial assets or liabilities are entered with their fair value plus transaction price. Entry is on the trading day on principle. Subsequent assessment varies for the different categories of financial assets or liabilities and is described within the context of the accounting methods of the respective balance sheet positions. Equity derivative financial instruments, especially securities, are entered in the position for sale of available financial assets. Profits and losses from changes of the fair market value of financial assets available for disposal are entered under other revenue in equity capital. Although the Group is active internationally, most of its business is in Europe and consequently it only has limited market risks due to changes of exchange rates. With respect to financial assets valuated on carried forward procurement costs, it is first determined whether an objective indication exists for decrease in value of financial assets, which are significant in themselves, individual and for financial assets, which are not significant in themselves and exist individually or jointly. Indicators here are especially defaults. If the Group determines that there is no objective indication of a decrease in value for one single examined financial asset, it includes the asset in a group of financial assets with comparable default risk profiles and examines them together for decrease in value. Assets, which are examined individual for decrease in value and for which the value is adjusted or which is still entered, are not included in a joint assessment of decrease in value. If there are objective indications that a decrease in value has occurred, the amount of the decrease in value loss is the difference between the book value of the asset and the cash value of the expected future cash flows.

The book value of the asset is reduced using a value adjustment account and the decrease in value loss is entered affecting the result. At final loss, the asset is written off with simultaneous use of the valuation adjustment account.

Intangible Assets

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

Self-procured intangible assets are not capitalized with exception of capitalized development costs. Costs connected with that are recorded as affecting operational results in the period, in which they occur. Whether intangible assets have a limited or unspecified utilization period must be determined first. Intangible assets with limited utilization period are written off over the useful economic life and examined for possible decrease in value. The depreciation period and the depreciation method are checked for an intangible asset with a limited utilization period at least until the end of each business year. If the expected utilization period of the asset changed, a different depreciation period or a different depreciation method is selected. Such changes are treated as changes of an estimate. Write-offs on intangible assets with limited period of use are shown in the Profit and Loss Account under amortizations. Impairment tests are conducted for intangible assets with limited utilization period at least once per year. These intangible assets are not written off systematically. The utilization period of an intangible asset with unspecified utilization period is checked once annually to determine whether the estimate of an unspecified utilization period remains justified. If this is not the case, the estimate is changed from an unspecified utilization period to a limited utilization period on a tentative basis. Profits or losses from the writing off of intangible assets are determined from the net capital gain and the accounting value of the asset and are entered affecting operational results in the period, in which the item was written off. The intangible assets contain maintenance contracts/customer master, brands, software, technologies, goodwill and development costs.

a) Mayntenance Contracts, Customer Base

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

b) Software

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

c) Technologies

Technology-related assets refer to process and development know-how, which were acquired within the context of company acquisitions in the past years as well as in last year. Technologies are available to the Group in the long term and will be written off linearly over a period of 10 years on principle.

d) Goodwill

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

e) Brands

Valuation of a brand considers the dissemination and utilization within different information systems on the market and is based on the brand strength and dissemination within the target group. It is conducted using a procedure oriented to capital value and based on the five-year planning of management and the business year 2016. Based on this business year, the revenues are calculated using a constant growth rate. It is available unlimited to the Group and consequently is not subject to depreciation. The valuation base is tested at least once annually for decrease in value to determine whether facts indicate that the book value could have decreased.

f) Development Costs

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

Fixed assets

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

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

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

Financial Assets

The shares in affiliated companies are carried in the balance sheet according to IAS 28 in line with the equity method. An affiliated company is a company, over which the Group has decisive influence and which is neither a subsidiary nor a joint venture. A joint venture is a company managed jointly by a partner company based on a contractual agreement. According to the equity method, the investments in a company are entered in the balance as procurement costs plus the changes of the share of the company in the net worth of the affiliated company following acquisition. The goodwill connected with a company is contained in the accounting value of the share and is not written off systematically. When the equity method is used, the Group determines whether consideration of additional expenditure for depreciation is required with respect to the net investment of the Group in the integrated company. The consolidated surplus contains the share of the Group in the success of companies included according to the equity method. Changes entered directly in the equity capital of the integrated company are also entered by the Group in the amount of its share directly in equity capital and – if required – in the list about changes of equity capital. The balance sheet cutoff date of the affiliated companies corresponds to that of the Group. The balance sheet date and the accounting and estimation methods of the affiliated companies and the Group are similar business without essential deviations from the viewpoint of the Group. The other financial assets were valuated according to IAS 39 at their carried forward procurement costs.

Deferred Taxes

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

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

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

Inventories

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

Receivables and Other Assets

The receivables and other assets, which normally have a maturity period of 30-90 days, are entered with the original invoice amount minus valuation adjustment for uncollectible receivables. Value adjustment is performed if a substantial and objective indication exists that the Group will not be able to collect the receivables. Receivables are written off if they cannot be collected.

Loan against borrower's note

In April 2014, a borrower's note loan was concluded with a term of three years; notice of cancellation can be given three months in advance to the end of a quarter respectively. Interest calculation is based on the three month Euribor.

Securities

Securities are classified as “financial assets available for sale”. At initial entry in the balance sheet, these are shown with procurement costs, which correspond to the value at the time of the given counter-performance. Transaction costs are included in the initial assessment. After the initial inclusion, securities are assessed with their adjusted current value without deduction or with any transaction costs at their sale. The adjusted current value at the time is based on the publicly listed prices of a securities market. The non-realized profits or losses are entered under other revenue in the list via the changes of the equity capital until the financial asset is sold, redeemed or otherwise disposed of, or until an impairment of the financial asset was determined, so that the previously entered under other revenue in equity capital, cumulated profit or loss is to be included in the consolidated surplus at this time. Decreases in value are entered with effect on the result.

Liquid funds

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

Depreciation of Long-Term Non-Financial Assets

The Group evaluates on each balance sheet date whether indications exist that an asset could have depreciated. If such indications exist or if annual checking of an asset for depreciation is required, the Group estimates the attainable amount of the respective asset. The attainable amount of an asset is the higher of the two amounts from the adjusted current value of an asset or a cash-generating unit minus sales costs and the utilization value. The attainable amount should be determined for each individual asset unless an asset does not generate any injection of funds, which are mainly independent from other assets or other groups of assets. If the accounting value of an asset exceeds its attainable amount, the asset is considered depreciated and written off at its attainable amount. The estimated cash flows are discounted at their cash value (based on a discount rate allowed before payment of taxes) and are used for determining the utilization value, which reflects current market expectations with respect to the rate of interest effect and the specific risks of the asset. Depreciation expenses of business areas to be continued are entered in the item Depreciations. A check is made on each reporting cut-off date with exception of the goodwill to determine whether indications exist that expenditure for depreciation, which was entered in previous reporting periods, no longer exists or could have decreased. If such an indication exists, the attainable amount is estimated. A previously entered expenditure for depreciation should be canceled if estimates have changed since the entry of the last expenditure for depreciation, which was used for determining the attainable amount. If this is the case, the accounting value of the asset should be increased to its attainable amount. This increased accounting value may not exceed the accounting value, which would result after consideration of write-offs if no expenditure for depreciation had been entered in previous years. Such a value adjustment is to be entered immediately in the consolidated surplus. After a value has been adjusted, the expenditure for depreciation should be adjusted in future reporting periods to split the corrected accounting value of the asset, minus any remaining accounting value, among its remaining utilization period.

Stock-Based Payment

In May 2014, share-based compensation was agreed upon with the Executive Board members, which was settled in real shares. It is composed of max. 160,000 real shares, which will become due in 2018 are based on the development of stock prices between 2015 and 2017. The costs, which are incurred due to share-based compensation with settlement in equity capital instruments, are valuated with application of a market-price model at the adjusted fair value at the time of their granting.

Treatment of options

Value changes of the conditional purchase price are entered with effect on profit for options concluded within the context of company acquisitions, which are depicted using the anticipated acquisition method.

Pension Accruals

The Group has four pension plans in Germany. The performances are not financed via funds, with exception of one company. In addition, financial obligations from the pension scheme according to Swiss federal law exist in Switzerland for employee old-age, survivors' and disability benefits (BVG). In the Netherlands, there are plan assets financed under private law obligation. Expenditures for the services granted within the context of the performance-oriented plans are determined separately for each plan using the potential pension cash value method (IAS 19). Actuarial profits or losses are entered under other revenue in equity capital after consideration of deferred taxes without affecting the operational result. The reference tables 2005 G of Heubeck-Richttafeln-GmbH are used as biometric calculation basis (death and disability probability of beneficiaries, probability of being married at time of death). In Switzerland, the statistics of the years 2010 – 2014 based on the tariff of the Occupational Pensions Act (BVG) 2015 were used as a basis. In the Netherlands, the Royal Dutch Actuarial Association (AG) projection table 2016 was applied with mortality experience adjustments.

Other Accruals

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

Liabilities

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

Possible Liabilities

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

Sales

The Group sells software licenses and services connected with that, which serve for implementation, maintenance and other services. The company normally grants its customers use of the software for unlimited time. The Group also sells hardware. Revenues are entered when it is probable that the economic benefits will flow to the Group and the amount of revenue can be determined reliably.

License sales are realized in the amount of the agreed-upon license fee according to IAS 18. Realization is performed at delivery if nothing else was agreed upon in the contract, because no essential modifications are required. Consulting services are invoiced monthly according to work performed. Mayntenance services are invoiced in installments during the service period.

Expenditure Realization

Expenditures are recorded as affecting operational results in the period, in which the corresponding use of value was caused.

Finance Income

Finance income is entered at the time it occurs.

Finance Expenses

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

Foreign Currencies

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

Operating Lease Relation

A leasing relation is classified as an operating leasing relation if all risks and chances associated with ownership remain with the lessor. Leasing payments within an operating leasing relation are entered linearly as expenses in the consolidated surplus during the period of the leasing relation.

3. Company Mergers

Acquisition of switspot Verwaltungs GmbH, Neckarsulm

NEXUS AG expanded its engagement in the area of SAP-HR consulting with the acquisition of more than 90.0 % of the shares of switspot Verwaltungs GmbH, Neckarsulm, on 4 May 2016. NEXUS has positioned itself as a full HR service provider. We provide a complete range of modern IT management for human resources: from the introduction of SAP HCM systems to professional support in application management and all the way to business process outsourcing (bpo) and hosting services.

KEUR 1,112 was paid in cash as purchase price. There is a put and call-option contract for the remaining 10.0 % of shares. According to IAS 32.23, the obligation to buy shares of non-controlling partner is to be carried in the balance sheet as liability with the expected purchase price. The contingent purchase price of KEUR 1,177 represents the maximum amount. Amortization to income may be necessary in subsequent periods at failure to achieve the planned sales and results.

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

Assets / liabilities switspot Verwaltungs GmbH, Neckarsulm	Fair Value at Acquisition Time
	EUR
Cash balance	2,795.44
Intangible Assets	418,883.12
Fixed assets	24,159.86
Other assets	351,555.13
Receivables	292,299.45
	1,089,693.00
Deferred tax liabilities	85,341.00
Other accruals	183,600.00
Liabilities	666,191.32
	935,132.32
Net assets on the acquisition date	**154,560.68**
Goodwill	2,133,548.52
Total acquisition price	**2,288,109.20**
The acquisition costs are composed of the following:	
Purchase price paid in cash	1,111,520.96
Purchase price still to be paid	1,176,588.24
Total acquisition price	**2,288,109.20**
The development of the means of payment from this acquisition is as follow:	
Purchase price paid in cash	1,111,520.96
Purchased means of payment	2,795.44
Outflow of funds	**1,108,725.52**

The identified and evaluated assets and debts identified in allocating the purchase prices are essentially composed of customer relations (KEUR 397) and technology (KEUR 22) at the purchase time. The receivables are shown at their gross value. The value was not adjusted, because complete inflow of all outstanding receivables is expected. Goodwill results from the purchase price allocation in the amount of KEUR 2,134.

For 2016, sales with third parties from the consolidation time amounted to KEUR 1,540, and the contribution to the consolidated surplus was KEUR 155. The miscellaneous procurement costs in the amount of KEUR 15 are entered affecting the result.

If the company had been acquired at the beginning of the year, sales revenue would have amounted to KEUR 2,560 and the contribution to consolidated net earnings to KEUR 90.

Acquisition of SISINF SL, Sabadell (Barcelona), Spain

On 26 July 2016, NEXUS purchased 90.0 % of the shares of SISINF SL, Sabadell / Spain, and consequently expanded into the Spanish market. With 35 employees and customers in the most important hospitals in Catalonia, the company is a well-known and respected software provider in the Catalonian healthcare market. SISINF also provides a special solution for clinics in the field of in-vitro fertilization, a market that is growing rapidly in all of Europe. SISINF and NEXUS are going to establish this product line in the European market and expand their joint activities in Spain. With additional NEXUS modules and product offers, SISINF can offer its customers comprehensive solutions for hospitals and diagnostic departments from a single source.

KEUR 2,000 were agreed as purchase price, of which KEUR 1,800 have been paid in cash; a purchase price liability was established for another KEUR 200. There is a put and call-option contract for the remaining 10.0 % of shares. According to IAS 32.23, the obligation to buy shares of non-controlling partner is to be carried in the balance sheet as liability with the expected purchase price. The contingent purchase price of KEUR 1,377 represents the maximum amount. Amortization to income may be necessary in subsequent periods at failure to achieve the planned sales and results.

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

Assets / liabilities SISINF SL, Sabadell	Fair Value at Acquisition Time
	EUR
Cash balance	-20,758.38
Intangible Assets	1,116,330.99
Fixed assets	298,045.37
Financial assets	5,737.23
Inventories	2,210.00
Other assets	11,788.51
Receivables	697,195.00
	2,110,548.72
Deferred tax liabilities	278,148.00
Other accruals	132,289.50
Liabilities	422,496.86
	832,934.36
Net assets on the acquisition date	**1,277,614.36**
Goodwill	1,898,973.88
Total acquisition price	**3,176,588.24**
The acquisition costs are composed of the following:	
Purchase price paid in cash	1,800,000.00
Purchase price still to be paid	1,376,588.24
Total acquisition price	**3,176,588.24**
The development of the means of payment from this acquisition is as follow:	
Purchase price paid in cash	1,800,000.00
Purchased means of payment	-20,758.38
Outflow of funds	**1,820,758.38**

The identified and evaluated assets and debts identified in allocating the purchase prices are essentially composed of technology (KEUR 432), brand (KEUR 342), and customer relations (KEUR 339) at the purchase time. The receivables are shown at their gross value. The value was not adjusted, because complete intake of all outstanding receivables is expected. Goodwill results from the purchase price allocation in the amount of KEUR 1,899.

For 2016, sales with third parties from the consolidation time amounted to KEUR 859, and the contribution to the consolidated surplus was KEUR 141. The miscellaneous procurement costs in the amount of KEUR 25 are entered affecting the result.

If the company had been acquired at the beginning of the year, sales revenue would have amounted to KEUR 1,611 and the contribution to consolidated net earnings to KEUR -292.

Acquisition of IBH Datentechnik GmbH, Kassel

NEXUS AG purchased a 100.0 % interest in IBH Datentechnik GmbH, Kassel, on 5 September 2016. With approx. 710 installations and 20 employees, the company is one of the market leaders for sterile goods documentation and instrument management systems in the healthcare sector. With the acquisition of the IBH, NEXUS is investing further in the digitalization of this important area. IBH strengthens the market position of the Nexus in this segment. Thanks to the acquisitions, NEXUS and IBH customers receive a convincing complement to our product portfolio and the possibility to integrate sterilization processes fully into their clinical information system (NEXUS / HIS).

A cash purchase price of KEUR 4,029 was agreed for the acquired 100.0 % as well as a conditional purchase price discounted to the acquisition date of KEUR 2,032. The contingent purchase price represents the maximum amount. Amortization to income may be necessary in subsequent periods at failure to achieve the planned sales and results.

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

Assets / liabilities IBH Datentechnik GmbH, Kassel	Fair Value at Acquisition Time
	EUR
Cash balance	1,021,802.91
Intangible Assets	2,500,394.29
Fixed assets	15,557.00
Financial assets	224,866.51
Inventories	228,273.19
Other assets	65,941.31
Receivables	151,618.46
	4,208,453.67
Deferred tax liabilities	780,721.00
Other accruals	84,930.00
Liabilities	931,581.43
	1,797,232.43
Net assets on the acquisition date	**2,411,221.24**
Goodwill	3,650,054.16
Total acquisition price	**6,061,275.40**
The acquisition costs are composed of the following:	
Purchase price paid in cash	4,029,108.00
Purchase price still to be paides	2,032,167.40
Total acquisition price	**6,061,275.40**
The development of the means of payment from this acquisition is as follow:	
Purchase price paid in cash	4,029,108.00
Purchased means of payment	1,021,802.91
Outflow of funds	**3,007,305.09**

The identified and evaluated assets and debts identified in allocating the purchase prices are essentially composed of customer relations (KEUR 1,114), brand (KEUR 854) and technology (KEUR 532) and at the purchase time. The receivables are shown at their gross value. The value was not adjusted, because complete intake of all outstanding receivables is expected. Goodwill results from the purchase price allocation in the amount of KEUR 3,650.

For 2016, sales with third parties from the consolidation time amounted to KEUR 1,185, and the contribution to the consolidated surplus was KEUR 81. The miscellaneous procurement costs in the amount of KEUR 25 are entered affecting the result.

If the company had been acquired at the beginning of the year, sales revenue would have amounted to KEUR 3,034 and the contribution to consolidated net earnings to KEUR 473.

Adjustment of the contingent purchase price of CS3I, S.A.S., Creuzier-le-Neuf (F)

In connection with the acquisition of CS3I, SAS, Creuzier-le Neuf (F), the contingent purchase price was KEUR 1,081 on 31 December 2015. Because the required criteria for payment of the contingent purchase price were not achieved in the ex-post approach, this was completely amortized in profit and loss as of 31 December 2016.

Adjustment of the contingent purchase price of Marabu EDV-Beratung und -Service GmbH, Berlin

At the purchase of Marabu EDV-Beratung und -Service GmbH, Berlin, a contingent purchase price in the amount of KEUR 116 was entered on the liabilities side in the fiscal year 2014. The contingent purchase price was increased by KEUR 12 in the fiscal year due to compounding of interest As a result, a contingent purchase price of KEUR 128 resulted on the cut-off date.

Adjustment of the conditional purchase price of syseca informatik ag, Lucerne

In connection with the acquisition of syseca informatik ag, Lucerne, the contingent purchase price was KEUR 38 on 31 December 2015. Because the required criteria were not achieved in the ex-post approach, this was completely amortized in profit and loss in the fiscal year.

4. Intangible Assets

Goodwill
Within the context of the annual Impairment Test according to IAS 36, the goodwill is allocated respectively on 31 December for checking the value of the cash-generating units.

The achievable amount is determined respectively on the basis of calculating utilization value on the balance sheet cut-off date. Accordingly, there were no depreciation requirements.

The utilization value calculated in this way is based on forecasts, which include uncertainties in the estimations. Essential uncertainties are in the following positions:

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

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

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

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

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

Customer Base, Technology and Brands
Due to the acquisition of nexus / switspot GmbH, customer base and technology were capitalized in the amount of KEUR 419.

Due to acquisition of NEXUS SISINF SL, customer base and technology were capitalized in the amount of KEUR 771 and brands in the amount of KEUR 342.

Due to acquisition of IBH Datentechnik GmbH, customer base and technology were capitalized in the amount of KEUR 1,646 and brands in the amount of KEUR 854.

Development Costs
Development costs are in the valuation insofar as they fulfill the criteria lists in the accounting and valuation principles. They are capitalized in the business year, in which they occur if they are not for basic research or order-related. Development costs were capitalized in the amount of KEUR 5,444 (previous year: KEUR 5,288) in 2016. The development costs will be written off according to schedule over a utilization period of five years. KEUR 5,486 (previous year: KEUR 4,742) was written off in the reporting year.

There were development costs for software not yet finished in the amount of KEUR 3,890 on the cut-off date (previous year: KEUR 3,496).

Concessions / Patents
Especially third-party software is shown, which is used for our own purposes.

5. Fixed assets

Fixed assets are composed mainly of office furniture and equipment, land and buildings and construction in progress. The fixed assets are not subject to any restrictions with respective disposal possibilities.

The development of intangible and tangible assets are included in the assets analysis.

Cash-generating unit	Company to be attributed	Organic growth in % in detailed planning period of 3 years[1)]		Discount rate in % before taxes for cash flow forecast		Goodwill (in KEUR)		Brand (in KEUR)	
		2016	2015	2016	2015	2016	2015	2016	2015
NCS (systems for geriatric care and care of the disabled)	Domis Consulting AG Synergetics AG VEGA Software GmbH syseca informatik ag NEXUS / REHA GmbH	10	10	6.89	7.14	7,258	7,161	527	521
DIS (Diagnostic Information Systems)	NEXUS / DIS GmbH NEXUS / INOVIT GmbH	10	10	6.89	7.14	4,707	4,707	0	0
CIS (Clinical Information Systems)	NEXUS / CIS GmbH NEXUS / OPTIM S.A.S. E&L medical systems GmbH Marabu EDV-Beratung und Service GmbH IBH Datentechnik GmbH	10	10	6.89	7.14	14,262	10,612	3,030	2,176
PAT.INT	NEXUS Switzerland GmbH Flexreport AG	3	0	6.89	7.14	3,450	3,404	0	0
QM	NEXUS / QM GmbH	10	10	6.89	7.14	836	836	0	0
HCS (Healthcare Service)	ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH NEXUS / Germany GmbH NEXUS . IT GmbH SÜDOST NEXUS / CMS GmbH ProLohn GmbH NEXUS / switspot GmbH	3	0	6.89	7.14	2,853	720	0	0
CSO	NEXUS / CSO GmbH CS3I S.A.S. NEXUS Digitale Dokumentationssysteme Projektentwicklungsges.m.b.H. NEXUS Medizinsoftware und Systeme AG NEXUS SISINF SL.	3	3	6.89	7.14	3,449	1,550	927	584
CCS (Clinical Care Solutions)	NEXUS Nederland B.V.	10	3	6.89	7.14	10,136	10,136	4,308	4,308
Total						**46,951**	**39,126**	**8,792**	**7,589**

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

Development of Assets 2016

	Acquisition and manufacturing costs					
	01/01/2016	Receipts from company mergers within the consolidated Group	Currency fluctuations	Receipts	Issues	31/12/2016
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Intangible Assets						
Concessions / Patents	5,271	4	9	166	1	5,449
Goodwill	39,303	7,683	142	0	0	47,128
Development Costs	44,821	0	134	5,444	2,617	47,782
Customer Base/Technology	23,579	2,836	45	0	2,587	23,873
Brand	7,589	1,196	7	0	0	8,792
	120,563	11,719	337	5,610	5,205	133,024
Fixed (Intangible) assets						
Tenant installations	450	7	2	334	0	793
Other equipment, factory and office equipment	7,307	52	90	2,036	1,441	8,044
Estate properties, leasehold rights and buildings	1,265	278	0	747	0	2,290
Facilities under construction	679	0	0	1,724	0	2,403
	9,701	337	92	4,841	1,441	13,530
Total	**130,264**	**12,056**	**429**	**10,451**	**6,646**	**146,554**

6. Shares in companies valuated at equity

NEXUS AG holds the following direct or indirect ownership interest in the following companies as of 31 December 2016, which are all consolidated at equity:

Affiliated companies
+ G.I.T.S. Gesundheitswesen IT-Service GmbH Fürstenfeldbruck, Fürstenfeldbruck
+ Palladium-med GmbH, Berlin

	2016	2015
	KEUR	KEUR
Share of participations in the balance sheet		
Short-Term assets	48	38
Long-Term assets	0	9
Short-term debts	-5	-7
Prorated net assets	**43**	**40**
Shares in revenue and profit of participations		
Revenue	94	103
Profit	3	-3
Accounting value of participation	**34**	**31**

	Accumulated depreciations					Book value	
	01/01/2016	Currency fluctuations	Receipts	Issues	31/12/2016	31/12/2016	31/12/2015
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
	4,437	10	292	1	4,738	711	834
	177	0	0	0	177	46,951	39,126
	27,349	30	5,486	2,617	30,248	17,534	17,472
	13,474	39	2,816	2,587	13,742	10,131	10,105
	0	0	0	0	0	8,792	7,589
	45,437	**79**	**8,594**	**5,205**	**48,905**	**84,119**	**75,126**
	132	5	82	0	219	574	318
	4,668	11	1,406	1,292	4,793	3,251	2,639
	0	0	10	0	10	2,280	1,265
	0	0	0	0	0	2,403	679
	4,800	**16**	**1,498**	**1,292**	**5,022**	**8,508**	**4,901**
	50,237	**95**	**10,092**	**6,497**	**53,927**	**92,627**	**80,027**

7. Inventories

The inventories are as follows:

	31/12/2016	31/12/2015
	KEUR	KEUR
Raw materials, consumables and supplies	118	22
Goods	1,083	684
	1,201	**706**

No decline in economic usefulness or increased valuation (previous year: KEUR 0) was entered in the reporting year. There are no inventories in the current business year, which were carried in the balance sheet at the net disposal price. Raw, auxiliary and operating materials in the amount of KEUR 11,635 (previous year: KEUR 11,595) are entered as expenditures in the business year.

8. Deferred Taxes

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

As of 31 December 2016, no debited deferred taxes were entered on profits not paid from subsidiaries or affiliated companies, because the Group determined that the profits, which have not been distributed yet, will not be distributed in the foreseeable future. In addition, the amount of taxes resulting for the Group is insubstantial in the case of distribution to the parent company due to the German tax system.

Corporate income tax losses carried forward exist in the amount of KEUR 15,926 (previous year: KEUR 22,326) domestically as well as trade tax losses carried forward in the amount of KEUR 14,633 (previous year: KEUR 20,809). Tax losses carried forward were incurred in foreign Group companies in the amount of KEUR 253 (previous year: KEUR 258). There are losses carried forward of KEUR 1,461 (previous year: KEUR 4,991) in the total volume, which are assessed as non-utilizable (corporate income tax KEUR 767 (previous year: KEUR 2,601), trade tax KEUR 694 (previous year: KEUR 2,132), and foreign taxes on profit KEUR 0 (previous year: KEUR 258). A total of KEUR 1,461 (previous year: EUR 4,733) of that can be carried forward for an unlimited time.

	Group balance sheet		Consolidated income statement	
	31/12/2016	31/12/2015	2016	2015
	KEUR	KEUR	KEUR	KEUR
Deferred tax asset				
Tax losses carried forward	4,491	5,645	-1,155	-1,353
Valuation differences of tax goodwill	28	0	-3	0
Valuation differences of pensions	1,599	1,462	151	147
Valuation differences of accruals	22	0	29	0
Valuation differences of securities	154	134	20	134
	6,294	**7,241**	**-958**	**-1,072**
Offsetting with deferred tax liabilities	-3,209	-3,118	958	1,072
Total deferred tax asset	**3,085**	**4,123**	**0**	**0**
Deferred tax liability				
Development Costs	3,606	3,220	-252	-134
Valuation differences of receivables	63	66	4	-9
Technology / Know-How	5,168	4,940	814	877
Accruals	0	3	-3	41
	8,837	**8,229**	**563**	**775**
Of those, offset against deferred tax receivables	-3,209	-3,118	-958	-1,072
Total deferred tax liability	**5,628**	**5,111**	**-395**	**-297**

	2016	2015
	KEUR	KEUR
Change of deferred taxes affecting net income	-395	-297
Adjustment of deferred taxes entered in other comprehensive income within the context of provisions for pensions	-21	330
Adjustment of deferred taxes entered in other comprehensive income due to currency conversion	5	-42
Determined deferred taxes entered within the context of company mergers	-1,144	-2,290
Change of deferred taxes in balance sheet item	**-1,555**	**-2,299**

9. Trade receivables and other receivables

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

	31/12/2016	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Trade receivables	20,101	0
Receivables from companies valuated at equity	0	0
Other receivables	31	0
Total	**20,132**	**0**

	31/12/2015	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Trade receivables	20,359	0
Receivables from companies valuated at equity	4	0
Other receivables	48	0
Total	**20,411**	**0**

Refer to the table below for individual value corrections on trade accounts receivable and their development.

Trade receivables (Gross values)	31/12/2016	31/12/2015
	KEUR	KEUR
Neither depreciated in value nor overdue	10,467	8,599
Not depreciated in value and overdue in the next periods		
< 30 days	4,432	6,728
30-120 days	2,440	2,307
120-180 days	892	1,109
180-360 days	1,318	1,261
> 360 days	282	208
Individual value adjustment at residual book value	270	147
Book value	**20,101**	**20,359**

On the claims past due without value reduction, no value adjustment was made, because no essential change of the credit rating of the debtor could be determined and consequently payment of the outstanding amounts is assumed. The Group does not have any collateral for these outstanding items. Trade account receivables and other receivables are all due within one year.

Receivables from deliveries and services in the amount of KEUR 224 (previous year: KEUR 144) were charged off in the fiscal year 2016. There were no received payments (previous year: none) for charged-off receivables. The fair value of trade account receivables and other receivables does not different from the book value. There were receivables diminished in value from deliveries and services in the amount of KEUR 2,442 on 31 December 2016 (previous year: KEUR 1,943). The development of the value adjustment account is as follows:

Development of the individual value adjustment for trade receivables	2016	2015
	KEUR	KEUR
As of 1 January	1,796	1,402
Inflows affecting expenses	866	648
Consumption	-211	-114
Settlement	-279	-140
As of 31 December	**2,172**	**1,796**

10. Other Financial Assets and Short-Term Financial Assets

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

	31/12/2016	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Other financial assets		
From loans to employees and third parties	114	0
From other	304	288
Total of other financial assets	**418**	**288**
Short-term financial assets		
Securities	1,933	0
Loan against borrower's note	1,000	0
Total of short-germ financial assets	**2,933**	**0**

	31/12/2015	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Other financial assets		
From interest	2	0
From loans to employees and third parties	22	0
From other	301	297
Total of other financial assets	**325**	**297**
Short-term financial assets		
Securities	1,744	0
Loan against borrower's note	1,000	0
Total of short-germ financial assets	**2,744**	**0**

Other financial assets

The current market value of other financial assets does not different from the book value. No valuation adjustments required entry in the reporting year (previous year: KEUR 0).

Short-term financial assets

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

	31/12/2016	
	Procurement costs	Fair value
	KEUR	KEUR
Securities		
Pension funds	2,238	1,933
Loan against borrower's note	**1,000**	**1,000**
Total	**3,238**	**2,933**

	31/12/2015	
	Procurement costs	Fair value
	KEUR	KEUR
Securities		
Pension funds	2,014	1,744
Loan against borrower's note	**1,000**	**1,000**
Total	**3,014**	**2,744**

In the reporting period, decline in economic usefulness in the amount of KEUR 35 (previous year: KEUR 79) as well Interest received from borrower's note loans of KEUR 49 (Vj: KEUR 82) were entered.

As of 31 December 2016, there were no derivative financial instruments, analog to the previous year.

11. Other Non-Financial Assets

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

	31/12/2016	31/12/2015
	KEUR	KEUR
Turnover Tax	229	196
Down payments made	140	23
Wage and salary advances	31	10
Accounts receivable, most for social security	284	352
Prepaid expense and accrued income	1,412	1,545
Total of non-financial assets	**2,096**	**2,126**

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

12. Equity Capital

Equity amounted to KEUR 95,802 on the cut-off date (previous year: KEUR 89,060). Refer to the statement of changes in the shareholders' equity.

a) Subscribed Capital

Subscribed capital on 31 December 2016 is divided into 15,735,665 bearer, no-par stocks with a book value share of equity capital of EUR 1.00 each and paid in the full amount. Different stock classes do not exist. All stocks are common stocks and grant the same rights provided for by the stock law.

b) Capital Reserves

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

c) Retained Earnings

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

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

d) Equity Capital Difference from Currency Conversion

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

e) Pension Accruals

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

f) Own Shares

Own shares developed to the cut-off date as follows:

Granting of the authorization at the annual meeting of ...	Authorization valid until ...	Maximum buy-back volume of a maximum of 10% of the share capital (in shares)	Fiscal Year of the transaction	Buy-back (+) / issue (-) (in shares)
			Number of own shares 01/01/2015	**25,860**
14. June 2010	31. May 2015	1,380,520	2015	-7,675
18. May 2015	30. April 2020	1,573,566	2015	-13,425
			2016	-4,844
			2016	16,056[1)]
			Number of own shares 31/12/2016	**15,972**

[1)] The buy-back was made via a share buy-back program, which the Executive Board approved with the consent of the Supervisory Board on 25 October 2016 decided. A total of 16,056 share certificates without a par value were purchased at a price of KEUR 296.

The own shares were deducted with the total procurement costs in one sum from equity (cost method). As of 31 December 2016, the value of the own shares was KEUR 244 according to the cost method. The company may not use this empowerment to purchase its own stocks for the purpose of trading with its own stocks. The company can use this empowerment completely or in partial amounts once or several times, but this can also be done for the account by third parties.

g) Authorized Capital

In the annual general meeting of 23 May 2012, the empowerment granted in the annual general meeting of 14 June 2010 to increase the capital stock in the amount of EUR 6,902,600.00 was revised. With the approval of the Supervisory Board, the Executive Board was authorized to increase the share capital one or more times by up to EUR 7,152,575.00 (Authorized Capital 2012) by 30 April 2017. The empowerment still amounts to EUR 5,722,060.00 following partial depletion due to an increase of cash capital in the amount of EUR 800,000.00 in 2012 as well as an increase of cash capital in the amount of EUR 630,515 in 2015.

In the annual general meeting of 13 May 2016, the empowerment granted in the annual general meeting of 23 May 2012 to increase the capital stock in the amount of EUR 7,152,575.00 was revised. With the approval of the Supervisory Board, the Executive Board was authorized to increase the share capital one or more times by up to a total of EUR 3,000,000.00 (Authorized Capital 2016) by 30 April 2021. The granted authorization of 23 May 2013 was canceled with that.

Authorized but Unissued Capital and Stock Option Plans (AOP)

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

Executive Board Bonus for Future Stock Price Development

Stock-based compensation was also agreed upon with the Executive Board members in May 2014. Dependent on the increase in company value, it is composed of max. 160,000 shares, which will become due during the term and are based on the development of stock prices between 2015 and 2017. These compensation components had an adjusted future value of KEUR 788 at the time of granting. In fiscal year 2016, KEUR 263 were booked into capital reserves affecting earnings.

Capital Management

The goal of capital management is to maintain the financial substance of the Group as well as long-term assurance of required financial flexibility. The equity capital rate was also used in measuring the financial security of the Group. In doing this, the equity capital shown in the Group balance sheet was compared to the balance amount. Accordingly, the financing structure is characterized by a capital structures, which is conservative and in which self-financing dominates. The equity capital rate is 68.6 % (previous year: 68.7 %) on the balance sheet cut-off date. Third-party financing is almost exclusively via liabilities, which result from business operations, as well as via pensions to a slight extent. There are no interest-bearing financial liabilities.

In May 2016, a dividend in the amount of EUR 0.14 was paid on the 15,731,385 shares with a right to a dividend on bearer, no-par shares. For fiscal year 2016, a distribution of dividends of EUR 0.15 was proposed for bearer shares for those entitled to dividends.

13. Pension Obligations

Pensions accruals have been accrued for NEXUS . IT GmbH SÜDOST, NEXUS Deutschland GmbH, NEXUS / CMS GmbH for the direct pension obligations (employer's pension commitments) taken over from the Forest Gesellschaft für Products & Services mbH as of 30 September 2000 as well as for ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH and NEXUS Nederland B.V. The performance-oriented plans in Switzerland concern the pension scheme according to Swiss federal law for employee old-age, survivors' and disability benefits (BVG). These plans represent complete insurance policies, in which an insurance company is responsible for the at least temporary, complete actuarial risks, including capital market risks. In the Netherlands, there are plan assets financed under private law obligation.

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

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

Financing

While domestic pension obligations are financed by the company with the exception of ASS.TEC, the obligations in the Netherlands and Switzerland as well as for ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH are managed and financed via insurance companies. The financing requirements are based on actuarial evaluation concepts.

Valuation basis

Calculation of the pension obligations considers market interest rates as well as wage, salary and pension trends. In Germany, the reference tables 2005 G (Verlag Heubeck-Richttafeln-GmbH, Cologne), which include death and disability probability, probability of being married at time of death, are used as biometric calculation basis. In Switzerland, the statistics of the years 2010 – 2014 based on the tariff BVG 2015 were used as a basis. In the Netherlands, the AG forecast table 2016 with mortality experience adjustments was applied.

	2017[1]	2016	2015
	%	%	%
Calculated interest rate (D)	1.4	1.4	2.2
Calculated interest rate (NL)	2.1	2.1	2.4
Calculated interest rate (CH)	0.6	0.6	0.5
Average fluctuation rate (D)	5.0	5.0	5.0
Average fluctuation rate (NL)	0.0	0.0	0.0
Average fluctuation rate (CH) [2]	1.3-28.5	1.3-28.5	2.0-20.0
Wage and salary trend (D)	0.0	0.0	0.0
Wage and salary trend (NL)	0.5	0.5	0.5
Wage and salary trend (CH)	0.5	0.5	0.5
Annual increase of current pensions (D)	1.5	1.5	1.5
Annual increase of current pensions (NL)	0.0	0.0	0.0
Annual increase of current pensions (CH)	0.0	0.0	0.0

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

On 31 December 2016, the weighted average term of performance-oriented obligations was 15 years in Germany (previous year: 15 years), 27 years in the Netherlands and 23 years (previous year: 18 years) in Switzerland.

Change of the net debt from performance-oriented obligations

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

	2016	2015
	KEUR	KEUR
Cash value of obligations at beginning of reporting period	39,181	21,403
Entered in profit or loss		
Current staff expenses	2,209	1,899
Service costs to be calculated retroactively	0	-328
Interest expense (interest received)	457	426
Entered in other comprehensive income		
Actuarial profits (–) / losses (+) from		
- demographic assumptions	16	2,728
- financial assumptions	792	-1,219
- adjustment based on experience	1,688	-433
Currency fluctuations	335	2,113
Other		
Additional pension obligations	0	13,405
Paid benefits	-291	-1,723
Employee contributions	977	910
Administration costs	-259	0
	45,105	**39,181**

	2016	2015
	KEUR	KEUR
Cash value of plan assets at beginning of reporting period	28,366	15,415
Entered in profit or loss		
Interest revenue	386	339
Entered in other comprehensive income		
Revenue from plan assets without interest received	2,648	-2,104
Currency fluctuations	215	1,594
Other		
Plan assets receipt	0	12,572
Employer contribution	1,466	1,333
Employee contributions	977	910
Capital payments	-257	-1,693
Administration costs	-270	0
Fair value of plan assets at the end of reporting period	**33,531**	**28,366**

	2016	2015
	KEUR	KEUR
Cash value of externally financed obligations	44,103	38,241
Fair value of plan assets	33,531	28,366
Shortage	10,572	9,875
Cash value of internally financed obligations	1,002	940
Financing status	11,574	10,815
Pension obligations on the balance sheet	11,574	10,815
Of which shown as pension accruals	11,574	10,815

The obligation is divided into the participant groups as follows:

	2016	2015
	KEUR	KEUR
Active employees	10,266	9,653
Left company due to accident	458	469
Retirees	850	693
	11,574	**10,815**

Actuarial profits (-) and losses (+) in 2016 in the amount of KEUR -152 were entered under other revenue in equity capital before considera-tion of deferred taxes. The cumulated actuarial losses were entered in other comprehensive income with KEUR 8,662 minus deferred taxes.

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

	2016	2015
	KEUR	KEUR
Current and retroactively to be attribute service time expenses	2,209	1,899
Interest payments	457	426
Interest received from plan assets	-386	-339
339Administration costs	17	0
Net pension expenses	**2,297**	**1,986**

The actual results of the plan assets amount to KEUR -3,034 percent (previous year: KEUR 1,765). The plan assets are to the account of Swiss plans as well as NEXUS Nederland B.V. and ASS.TEC Beratungsgesellschaft für Anwendungen, Systeme, Strategien und Technologien mbH and are composed of claims against pension schemes.

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

	2016	2015
	KEUR	KEUR
Bonds	12,391	13,582
Real estate	2,641	2,059
Stocks	685	579
Cash and fixed-term deposits	-100	-153
Ohters	17,914	12,299
Total	**33,531**	**28,366**

Adjustments of pension obligations based on experience amount to KEUR 1,688 percent (previous year: KEUR -433), and those of the plan assets to KEUR 2,648 (previous years: KEUR -2,104).

	2016	2015	2014	2013	2012
	KEUR	KEUR	KEUR	KEUR	KEUR
Cash value of pension obligations	45,105	39,181	21,403	21,390	16,979
Fair value of plan assets	-33,531	-28,366	-15,415	-18,019	-14,382
Plan shortfall	**11,574**	**10,815**	**5,988**	**3,371**	**2,597**
Adjustment of pension obligations based on experience	1,688	-433	1,249	422	41
Adjustment of plan assets based on experience	2,648	-2,104	117	-148	-10

In Germany, the social pension fund is considered a contribution-oriented pension plan. The expenditures entered for the social pension fund for the employees subject to social insurance contributions amounted to KEUR 2,311 in the past business year (previous year: KEUR 2,341). In addition, expenditures for other contribution-oriented plans for executive board members exist for direct insurance during the business year in the amount of KEUR 25 (previous year: KEUR 25).

Sensitivity analysis

If other assumptions had remained constant, the changes possible on the closing key date could have influenced the following amounts with reasonable consideration of a decisive actuarial assumption of the performance-oriented obligation.

We assume that the factors fluctuation and mortality are not subject to any decisive volatility due to the duration of the essential obligations. Consequently, we have not conducted a sensitivity analysis at this spot.

	2016	2015
Change of the obligation	**KEUR**	**KEUR**
Current assumption as of 31.12.2016		
Total obligation	45,105	39,181
Externally financed obligation	44,103	38,241
Internaly financed obligation	1,002	940
Discount rate +0.5 PP	-4,665	-3,308
Discount rate -0.5 PP	5,471	3,763
Salary increase rate +0.5 PP [1]	1,083	926
Salary increase rate-0.5 PP [1]	-1,059	-885
Pension trend +0.5 PP[2]	69	63
Pension trend -0.5 PP[2]	-62	-66

PP = Percentage points

[1] Due to the assumption of annual salary increases domestically of 0%, the sensitivity analysis only concerns the salary increase rate for the external financial obligations in the Netherlands and Switzerland.
[2] Due to the assumption of annual increases of pensions in Switzerland and the Netherlands, the sensitivity analysis only concerns the pension trend for domestic obligations.

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

For the business year 2017, pension expenditures of KEUR 2,473, cash value of the obligation of KEUR 48,541 as well as a time value of the plan assets of KEUR 36,146 are forecast.

Pension payments in the amount of KEUR 40 from the employer. The expected contributions to the plan assets for 2017 amount to KEUR 59.

14. Accruals

The accruals are composed of the following:

	Version of 01/01/2016	Consumption 2016	Redemption 2016	Additions 2016	Version of 31/12/2016
	KEUR	KEUR	KEUR	KEUR	KEUR
Benefits still to be paid	731	397	79	644	899
Other accruals	207	74	133	79	79
	938	**471**	**212**	**723**	**978**

The performances still to be provided concerning risks in project business from threatened follow-up costs as well as price discounts, which are calculated based on values from experience as well as the costs still to be expected. Use of them is expected in 2017. The other accruals will presumably be used in the coming year.

15. Liabilities

The liabilities with respect to due dates are as follows:

	31/12/2016	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Trade accounts payable	5,678	0
Taxes on earnings obligation	2,082	0
Deferred revenue	2,120	0
Other non-financial debts	6,293	0
- Payments received	4,172	0
- Other taxes	2,121	0
Other financial debts	4,965	4,521
- From obligations for salary payables	1,120	0
- Others	3,845	4,521
Total	**21,138**	**4,521**

	31/12/2015	
	Short-term (< 1 year)	Long-term (> 1 year)
	KEUR	KEUR
Financial liabilities	14	0
Trade accounts payable	4,795	0
Taxes on earnings obligation	2,414	0
Deferred revenue	3,185	0
Other non-financial debts	8,805	0
- Payments received	6,679	0
- Other taxes	2,126	0
Other financial debts	3,348	1,206
- From obligations for salary payables	1,267	0
- Others	2,081	1,206
Total	**22,561**	**1,206**

The financial liabilities include liabilities to banks.

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

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

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

In the position Other, the probable purchase price obligations from conditional purchase prices (cf. Note 3 for the determination) for purchasing remaining company shares are entered in the amount of KEUR 4,730 (previous year: KEUR 1,244) and are developing as follows:

	TEUR
Status of the contingent purchase price on 1 January 2016	1,244
Outflows due to the non-achievement of the criteria necessary for payment of the contingent purchase price	-1,119
- CS3I S.A.S.	-1,081
- syseca informatik ag	-38
Inflows due to accrued interest	12
- Marabu EDV-Beratung und Service GmbH, Berlin	12
Inflows as a result of company acquisitions*	4,593
- switspot Verwaltungs GmbH, Neckarsulm	1,177
- SISinf SL, Sabadell	1,377
- IBH Datentechnik GmbH, Kassel	2,039
Status of the contingent purchase price on 31 December 2016	**4,730**

* including compounding to 31/12/2016

16. Possible Liabilities and Other Obligations

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

There are contingent liabilities of KEUR 99 from warranty obligations.

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

The resulting, possible liabilities are as follows:

31/12/2016	2017	2018 to 2021	Starting from 2022
	KEUR	KEUR	KEUR
Rents	1,845	5,016	365
Leasing	1,574	1,485	0
	3,419	**6,501**	**365**

31/12/2015	2016	2017 to 2020	Starting from 2021
	KEUR	KEUR	KEUR
Rents	1,692	3,742	263
Leasing	1,574	1,926	0
	3,266	**5,668**	**263**

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

	2016	2015
	KEUR	KEUR
Rents	1,647	1,542
Leasing	1,703	935
	3,350	**2,477**

Rental and leasing agreements contain neither extension nor purchase options according to price adjustment clauses. Only minimum leasing payments are contained in 2016.

3) In addition, other financial obligations in the amount of KEUR 520 consist in the form of purchase order commitments for fixed assets from the expansion and renovation of the property and building in Donaueschingen acquired in 2015.

17. Revenue

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

	Healthcare Software			
	2016		2015	
	KEUR	%	KEUR	%
Germany	46,249	47.3	41,596	46.5
Switzerland / Liechtenstein	26,865	27.5	25,314	28.3
Netherlands	16,277	16.7	14,753	16.5
France	5,240	5.4	5,237	5.8
Austria	1,368	1.4	1,903	2.1
Other regions	1,706	1.7	718	0.8
Total	**97.705**	**100,0**	**89.521**	**100,0**

	Healthcare Service			
	2016		2015	
	KEUR	%	KEUR	%
Germany	8,575	91.8	7,208	93.0
Switzerland / Liechtenstein	594	6.3	387	5.0
Austria	27	0.3	0	0.0
Other regions	150	1.6	153	2.0
Total	**9,346**	**100.0**	**7,748**	**100.0**

They are attributed to:

	2016		2015	
	KEUR	%	KEUR	%
Dienstleistungen	83,227	77.7	75,442	77.6
Lizenzen	18,599	17.4	16,676	17.1
Lieferungen	5,225	4.9	5,151	5.3
Total	**107,051**	**100.0**	**97,269**	**100.0**

18. Other Operating Income

The other operating income refer above all to revenues from purchase price adjustments KEUR 1,119 (previous year: KEUR 0), cash-value benefits in the amount of KEUR 887 (previous year: KEUR 348), redemption of value adjustments from receivables in the amount of KEUR 279 (previous year: KEUR 140), revenue from closing out reserves in the amount of KEUR 212 (previous year: KEUR 173), revenues from charging off short-term reserves in the amount of KEUR 196 (previous year: KEUR 149), income from asset disposals in the amount of KEUR 149 (previous year: KEUR 201), foreign currency profits in the amount of KEUR 89 (previous year: KEUR 789), and revenues from insurance refunds in the amount of KEUR 6 (previous year: KEUR 40).

19. Material Expenses and Cost for Purchased Services

	2016	2015
	KEUR	KEUR
Costs of raw materials, consumables and supplies and for purchased goods	11,634	11,595
Cost for purchased services	5,696	4,230
	17,330	**15,825**

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

20. Number of Employees and Personnel Expenses

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

	2016	2015
Salaried employees	904	808
Senior staff	20	16
	924	**824**

Personnel costs developed during the business year as follows:

	2016	2015
	KEUR	KEUR
Wages and salaries	53,125	48,242
Social insurance contributions and contributions for old-age pensions and support	10,770	8,234
	63,895	**56,476**

In personal costs, KEUR 263 (previous year: KEUR 263) refer to expenditures for share-based payments, which were entered split during the salary period according to IFRS 2.

21. Other Operating Expenses

The other operational expenditures are as follows:

	2016	2015
	KEUR	KEUR
Operating costs	5,013	4,846
Sales costs	3,298	3,098
Administration costs	3,246	4,121
Other operating expenses	2,138	1,425
	13,695	**13,490**

The other operational expenses mainly concern contributions of valuation adjustment in the amount KEUR 866 (previous year: KEUR 648), currency rate losses in the amount of KEUR 152 (previous year: KEUR 192), write-offs and losses from receivables in the amount of KEUR 224 (previous year: KEUR 144) and contributions to accruals in the amount of KEUR 79 (previous year: KEUR 29).

The other operational expenditures in the table above include payment to the auditing company for the Group Financial Statement as follows:

	2016	2015
	KEUR	KEUR
Audit (individual accounts and Group audit)	140	142
Tax consultant services	0	20
Other audit services	22	82
	162	**244**

In the fiscal year 2016 (previous year: KEUR 0), KEUR 10 were due retroactively for the Group Financial Statement of the previous business year.

22. Revenue from Companies Valuated at Equity

The year-end results in the amount of KEUR 3 (previous year: KEUR -3) of companies valuated at equity, which are due to the NEXUS Group, are shown. Expenses from the depreciation of a company valuated at equity were not incurred in the fiscal year (previous year: EUR 0).

23. Finance Income

From finance income, KEUR 70 (previous year: KEUR 149), KEUR 49 (previous year: KEUR 82) are revenue from bonded loans, KEUR 18 (previous year: KEUR 38) interest revenue from bank deposits, and KEUR 3 (previous year: KEUR 3) other interest receivable and similar income. There was no income from write-ups of securities from current assets in the business year as in the previous year.

24. Finance Expenses

From finance expenses (KEUR 91; previous year: KEUR 174), KEUR 35 (previous year: KEUR 79) are write-offs and outflow losses from securities of current assets, KEUR 55 (previous year: KEUR 83) other interest payable and similar expenses, and KEUR 1 (previous year: KEUR 4) interest payments from bank liabilities.

25. Taxes on profit

Taxes on profit are composed of the actual tax expenses or actual tax amount and the deferred tax expenses or deferred tax amount. The actual tax liabilities or obligations are measured using the applicable tax laws on the cut-off date with the amounts, which probably must be paid to the tax authorities or which they will demand. Deferred tax debts and liabilities are valued on the basis of the tax laws, which applied on the cut-off date, at the tax rate, which probably applies in the period during which the debt or liability is due. In 2016, all losses carried forward were checked for their value based on a five-year plan. Credited deferred taxes were only established in the amount to which realization via future profit is possible. Debited, deferred taxes, which arise especially due to the capitalization of development costs, are accrued as deferred tax expenses or – when possible – offset with credited deferred taxes. The taxes on the result before income taxes are divided into the actual and deferred income taxes as follows:

	2016	2015
	KEUR	**KEUR**
Current tax expenses	-1,902	-1,538
- Current year	-1,770	-1,367
- Previous years	-132	-171
Deferred tax expenses/income	-395	-297
- Creation/reversal of deferred differences	-395	-297
	-2,297	**-1,835**

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

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

In determining the tax rates, a domestic tax rate of 15.0 % plus solidarity surcharge, i.e., 15.825 % in total, was set for the Group tax burden, and rates between 11.56 % and 16.64 % were set for the trade tax on earnings depending on the municipality. Taxes on profit in foreign countries are between 12.4 % and 33.3 %. The shown tax expenses deviated from the expected tax expenses, which would have resulted from application of the nominal tax rate on NEXUS AG of 30.4 % (previous year: 30.3 %) on the result according to IFRS. The relation of the expected tax expenses to the tax expenses, which results from the Group Profit and Loss Account, shows the following transitional calculation:

	2016	2015
	KEUR	**KEUR**
Result before Tax on Profit	10,908	9,612
Expected tax expenses 30.4 % (previous year: 30.3 %)	-3,312	-2,911
Change of non-capitalized deferred taxes on losses carried forward	563	524
Tax rate differences at subsidiaries	348	326
Deviations from expenditures not deductible from taxes	-15	63
Previous year taxes and other deviations	119	163
Tax expenses according to the Group Profit and Loss statement	**-2,297**	**-1,835**
Actual tax expenses (in %)	21.1	19.1

26. Earnings per Share

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

A claim originated from the issuance of shares of 50,500 shares under the share option scheme (AOP 2015-2017) as of 31 December 2016. An average number of stocks of 15,781 thousand (previous year: 15,662 thousand) was used as the basis for calculating the diluted result per share.

	2016	2015
Group result (Group share) in KEUR	8,146	7,583
Undiluted average of issued shares in circulation (in thousands)	15,731	15,618
Result per share in euros (undiluted)	0,52	0,49
Undiluted average of issued shares in circulation (in thousands)	15,781	15,662
Result per share in euros (diluted)	0.52	0.48

The weighted average of common shares (undiluted and diluted) for the business year 2016 is calculated as follows:

	Common shares	Buypack (-) of own shares	Issue (+) of own shares	Total of common shares
January	15,730,905			15,730,905
February	15,730,905			15,730,905
March	15,730,905		480	15,731,385
April	15,731,385			15,731,385
May	15,731,385			15,731,385
June	15,731,385			15,731,385
July	15,731,385			15,731,385
August	15,731,385			15,731,385
September	15,731,385			15,731,385
October	15,731,385	850		15,730,535
November	15,730,535	6,678	2,200	15,726,057
December	15,726,057	8,528	2,164	15,719,693
	Total	**16,056**	**4,844**	**188,757,790**
Average (undiluted)				**15,730,924**
Effect of shares from AOP 2015-2017				**50,500**
Average (diluted)				**15,781,424**

The weighted average of common shares for the business year 2015 is calculated as follows:

	Common shares	Common shares from capital increase	Issue (+) of own shares	Total of common shares
January	15,079,290			15,079,290
February	15,079,290	630,515		15,709,805
March	15,709,805		7,075	15,716,880
April	15,716,880			15,716,880
May	15,716,880			15,716,880
June	15,716,880			15,716,880
July	15,716,880			15,716,880
August	15,716,880			15,716,880
September	15,716,880		600	15,717,480
October	15,717,480		352	15,717,832
November	15,717,832			15,717,832
December	15,717,832		13,073	15,730,905
	Total	**630,515**	**21,100**	**187,974,424**
Average (undiluted)				**15,618,063**
Effect of shares from AOP 2015-2017				**43,500**
Average (diluted)				**15,661,563**

27. Statement of Cash Flows

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

28. Cash Flow from Current Business Transactions

The cash flow from current business activities decreased from KEUR 18,145 to KEUR 16,542 in 2016. The decrease is mainly due to changes in receivables and other assets as well as provisions.

29. Cash Flow from Investment Activities

The cash flow from investment activities is almost at the level of the previous year at KEUR -16,341 (previous year: -16,745). Payments for investments in intangible assets, the expansion and renovation of the property acquired in 2015 and building in Donaueschingen as well as payouts for the acquired companies were the focus of the investment activities.

30. Cash Flow from Financing Activities

The cash flow from financing activities in the amount of KEUR -2,409 (previous year: KEUR 3,190) was decisively influenced by dividend payments of KEUR 2,202 (previous year: KEUR 1,961) to our sharehol-ders as well as payments from the purchase of own shares in the amount of KEUR 296 (previous year: KEUR 0).

31. End-of-Year Cash Position

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

32. Segmenting according Business Divisions

controlling and reporting. The Executive Board of NEXUS AG monitors the earning power at regular intervals as the highest decision-making body and makes its decisions about distribution of resources base on the business units NEXUS / CIS, NEXUS / CSO, NEXUS / DIS, NEXUS / PAT.INT, NEXUS / QM, NEXUS / NCS, NEXUS / CCS and NEXUS / HCS. Consequently, the business units are the operative segments in the sense of IFRS 8. The legal units included in the Group Financial Statement are also each allocated completely to a business unit. Each business unit is thus composed of one or more legal units.

In the business units NEXUS / CIS, NEXUS / CSO, NEXUS / DIS, NEXUS / QM, NEXUS / PAT.INT, NEXUS / NCS and NEXUS / CCS, software solutions for the healthcare system are developed and marketed in administrative and medical areas. The economic development of these business units reacts uniformly to external influences. In addition, the offered products and services, the service creation process, the customers and the sales methods are almost identical or similar. For the reasons cited, these seven business units are combined in the reportable segment Healthcare Software.

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

The operative segment NEXUS / HCS not allocated to the Healthcare Software reporting segment reports as independently operating Healthcare Service segment with mandatory reporting. The companies combined under Healthcare Service are managed uniformly. Under the name NEXUS Deutschland, centralized services and solutions are provided for interfaces of the product integration server. NEXUS / IT provides the guiding functions in daily management of the hospital IT department from operational management all the way to taking care of the software applications used and user support. EDP-supported process consulting, including SAP consulting, is mainly offered under the brand ASS.TEC. SAP consulting is mainly provided under the name proLohn. SAP-HCM consulting is mainly provided under the name NEXUS / SWITSPOT. The balance sheet and valuation methods of both segments with mandatory reporting correspond to the same accounting methods as external reporting. Transactions between the segments are settled at customary market conditions.

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

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

The geographic segments are as follows:

	2016	2015
	KEUR	**KEUR**
Sales		
Germany	54,824	48,804
Switzerland / Liechtenstein	27,459	25,701
Netherlands	16,277	14,753
France	5,240	5,237
Austria	1,395	1,903
Other regions	1,856	871
	107,051	**97,269**
Fixed assets (without financial assets)		
Germany	51,439	40,579
Netherlands	18,899	19,833
Switzerland	13,549	13,715
France	5,562	5,899
Spain	3,175	-
Austria	3	1
	92,627	**80,027**

33. Financial Instruments

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

Non-Payment Risks

Financial instruments, which might cause a concentration of a non-payment risk for the company, are mainly assets at mostly at renowned financial institutes in Germany, Switzerland and the Netherlands, customary market securities and trade receivables. The means of payment and means of payment equivalents of the company are mainly in euros and Swiss francs. The marketable securities concern pension funds. The company continually monitors its investments at financial institutes, who are its contractual partners for the financial instruments, as well as their credit worthiness, and cannot detect any risk of non-fulfillment. Non-payment risks or risks that a contractual partner cannot fulfill his payment obligations are controlled via use of credit lines and other control methods within the framework of debt management (e.g., credit investigations). There is no concentrated default risk of individual receivables on the balance sheet key date in the Group greater than EUR 1 million. There were receivables diminished in value from deliveries and services in the amount of KEUR 2,442 on 31 December 2016 (previous year: KEUR 1,943).

The default risk is limited to the book value (KEUR 23,771; previous year: 23,777)

Liquidity Risks

The Group strives to have sufficient means of payment and equivalents for these or have corresponding credit lines to fulfill its obligations over the coming years. In addition, the company has approved capital available in the amount of KEUR 3,000 (previous year: KEUR 5,722) for further capital increases.

There are no liabilities to banks in the Group.

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

	Book value	**Cash Flows**	**Cash Flows**	**Cash Flows**
	31/12/2016 (previous year)	**Within 1 year (previous year)**	**Within 1 to 5 years (previous year)**	**After more than 5 years (previous year)**
Self-generated financial liabilities	**KEUR**	**KEUR**	**KEUR**	**KEUR**
Financial liabilities	0 (14)	0 (14)	0 (0)	0 (0)
Trade accounts payable	5,678 (4,795)	5,678 (4,795)	0 (0)	0 (0)
Others	13,105 (12,463)	8,584 (11,257)	4,521 (1,206)	0 (0)
Total	**18,783 (17,272)**	**14,262 (16,066)**	**4,521 (1,206)**	**0 (0)**

Currency Risks

Exchange rate risks are created by sales made in Switzerland, the USA and other regions in CHF, USD and other regions as well as the resultant receivables, which are subject to exchange rate fluctuations until payment.

Interest Risks

NEXUS does not take any long-term loans. No cash flow interest risk exists. The securities concern pension funds. The investments are subject to an interest or market value risk. The fair-value risk was entered directly under other income in equity capital in a corresponding valuation reserve due to the classification of securities as performance-neutral as available financial assets until a possible sale or decrease in value.

Time Value

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

Reporting according to Business Segments	Healthcare Software		Healthcare Service		Consolidation		Group	
	2016	2015	2016	2015	2016	2015	2016	2015
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Revenue								
Sales with third parties	97,705	89,521	9,346	7,748			107,051	97,269
- Services	74,392	69,110	8,835	6,333			83,227	75,443
- Licenses	18,238	15,971	361	705			18,599	16,676
- Deliveries	5,075	4,440	150	710			5,225	5,150
Sales between segments	111	108	2,534	2,158	-2,645	-2,266	0	0
Segment sales	97,816	89,629	11,879	9,906	-2,645	-2,266	107,051	97,269
Operating segment result	9,902	8,797	1,024	843			10,926	9,640
Revenue from companies valuated at equity							3	-3
Finance Income							70	149
Finance Expenses							-91	-174
Result before Tax on Profit							10,908	9,612
Taxes on profit							-2,297	-1,835
Consolidated surplus							**8,611**	**7,777**
Of which to the account of:								
- Stockholders of NEXUS AG							8,146	7,583
- Shares of non-controlling partners							465	194
Segment assets	110,484	100,636	6,409	3,252			116,893	103,888
Financial assets							34	31
Other assets							2,802	2,748
Deferred tax assets							3,085	4,123
Profit tax receivables							904	702
Cash and balance in bank							15,923	18,199
Total assets							**139,641**	**129,691**
Segment debts	31,062	28,627	2,947	2,339			34,009	30,966
Financial liabilities							0	14
Taxes on earnings obligation							2,082	2,414
Other tax liabilities							2,120	2,126
Deferred tax liabilities							5,628	5,111
Total liabilities							**43,839**	**40,631**
Investments	10,217	9,062	234	181			10,451	9,243
Depreciation	9,651	8,881	441	362			10,092	9,243

Transaction Risk

NEXUS AG invoiced approx. 26.6 % of its sales outside of the euro sphere in 2016 (previous year: 27.3 %). We incur costs in Swiss francs due to our operations in Switzerland, but only slight costs in US dollars. As of 31 December 2016, the Group had holdings in USD in the amount of KUSD 0 = KEUR 0 (31 December 2015: KUSD 0 = KEUR 0) and holdings in Swiss francs in the amount of KCHF 3,208 = KEUR 2,984 (31 December 2015: KCHF 5,944 = KEUR 5,458). There were trade receivables and other receivables in foreign currency in the amount of KNOK 16 = KEUR 2 (31 December 2015: KNOK 55 = KEUR 6), KUSD 10 = KEUR 10 (31 December 2015: KUSD 0 = KEUR 0) as well as KCHF 2,454 = KEUR 2,282 (31 December 2015: KCHF 3,407 = KEUR 3,128) on 31 December 2016. The trade accounts payable in foreign currency were KCHF 1,093 = KEUR 1,017 on 31 December 2016 (KCHF 977 = KEUR 897 on 31 December 2015); the liabilities in USD are not substantial as was the case in the previous year. A hedging relation did not exist on the balance sheet cut-off date. Based on the balance sheet prices of the relevant currencies, the determination of sensitivities of a hypothetical change of the exchange rate relations was set at 10 percent respectively. If the euro had appreciated (depreciated) in value 10 % compared to the US dollar on the balance sheet cut-off date, the Group result before taxes would have been reduced (increased) by KEUR 1 (previous: KEUR 0). If the Swiss franc (CHF) had had appreciated (depreciated) in value 10 % compared to the euro on the balance sheet date, the Group result before taxes would have been higher (lower) by KEUR 127 (previous year: KEUR 223).

Translation Risk

The main office of the subsidiaries, NEXUS / Schweiz GmbH (100 %), NEXUS Medizinsoftware und Systeme AG (99.98 %) and Flexreport AG (100 %), Domis Consulting AG (100 %), Synergetics AG (60 %) as well as syseca informatik ag, Lucerne (100 %) are outside of the area where the euro is used. Because the reporting currency of the NEXUS Group is the euro, the revenues and expenditures of these subsidiaries are converted into euros within the framework of consolidation. Changes in the average exchange rates from one reporting period to another can cause significant conversion effects, for example, with respect to sales revenues, the segment result and the Group result.

Additional Information about the Financial Instruments

The following table shows the book value according to valuation categories in line with IAS 39 and the adjusted current value according to classes of financial assets and financial liabilities. Net profits of the category FVTPL (HfT) are shown under position Other Operating Income. The net profits / losses of the category AfS contain decreases in value of KEUR 35 (previous year: decrease in value of KEUR 79), which are entered in the position Finance Expenses. Profits are shown under Finance Income.

No impairments of value in the reporting year (previous year: due to sales of securities KEUR 611) from the valuation reserve for financial instruments were recorded affecting expenditures in the Profit and Loss Account in the reporting year as was the case in the previous year. The net profits / losses of the category loans and receivables contain reduction losses of KEUR -1,090 (previous year: KEUR -792). These are shown in item Other Operating Expenses. Profits from value adjustments in the amount of KEUR 279 (previous year: KEUR 140) are shown under Other Operating Income.

Net Profits / Losses from Financial Instruments

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

	2016	2015
	KEUR	**KEUR**
FVTPL (HfT)	**0**	**0**
Net disposal proceeds of fair value of derivative financial instruments	0	0
AfS	**-35**	**-79**
Net disposal proceeds of fair value of securities	-35	-79
LaR	**-878**	**-262**
Net disposal proceeds of fair value of receivables	-878	-262
	-913	**-341**

Interest Income / Expenditures from Financial Instruments

Interest income / expenses from financial instruments, which were not valuated with adjusted current value as revenue, were as follows in the business year 2016:

Interest Income / Expenditures from Financial Instruments	2016	2015
	KEUR	**KEUR**
Interest revenue	70	149
Interest payments	91	174
	-21	**-25**

Interest revenue refers to financial instruments of the category LaR with KEUR 49 (previous year: KEUR 82). Interest expenses refer to financial instruments of the category AfS with KEUR 35 (previous year: KEUR 79).

As of 31/12/2016 in KEUR	Class pursuant to IFRS 7.6	Fair value	Book value	Valuation base on the balance sheet according to valuation category IAS 39			
	Valuation	As of 31/12/2016	As of 31/12/2016	FVTPL (HfT)	AfS	LaR	FLAC
Assets							
Securities	at fair value	1,933	1,933	–	1,933	–	–
Loan against borrower's note	at procurement costs carried forward	1,000	1,000	–	–	1,000	–
Cash and credit balances at banks	–	–	15,923	–	–	–	–
Trade receivables	at procurement costs carried forward	20,101	20,101	–	–	20,101	–
Receivables from companies valuated at equity	at procurement costs carried forward	0	0	–	–	0	–
Other receivables	at procurement costs carried forward	31	31	–	–	31	–
Other self-generated non-financial assets	at procurement costs carried forward	706	706	–	–	706	–
		23,771	**39,694**	**–**	**1,933**	**21,838**	**–**
Liabilities							
Financial liabilities	at procurement costs carried forward	–	–	–	–	–	–
Trade accounts payable	at procurement costs carried forward	5,678	5,678	–	–	–	5,678
Other self-generated financial liabilities [1)]	at procurement costs carried forward	15,779	15,779	–	–	–	15,779
		21,457	**21,457**	**–**	**–**	**–**	**21,457**

[1)] This position shows the conditional purchase price of KEUR 4,730 (previous year: KEUR 1,244), which was rated at the fair value of level 3 (see Note 15). The fair value corresponds to acquisition costs carried forward.

As of 31/12/2015 in KEUR	Class pursuant to IFRS 7.6	Fair value	Book value	Valuation base on the balance sheet according to valuation category IAS 39			
	Valuation	As of 31/12/2015	As of 31/12/2015	FVTPL (HfT)	AfS	LaR	FLAC
Assets							
Securities	at fair value	1,744	1,744	–	1,744	–	–
Loan against borrower's note	at procurement costs carried forward	1,000	1,000	–	–	1,000	–
Cash and credit balances at banks	–	–	18,199	–	–	–	–
Trade receivables	at procurement costs carried forward	20,359	20,359	–	–	20,359	–
Receivables from companies valuated at equity	at procurement costs carried forward	4	4	–	–	4	–
Other receivables	at procurement costs carried forward	48	48	–	–	48	–
Other self-generated non-financial assets	at procurement costs carried forward	622	622	–	–	622	–
		23,777	**41,976**	**–**	**1,744**	**20,033**	**–**
Liabilities							
Financial liabilities	at procurement costs carried forward	14	14	–	–	–	14
Trade accounts payable	at procurement costs carried forward	4,795	4,795	–	–	–	4,795
Other self-generated financial liabilities [1)]	at procurement costs carried forward	12,463	12,463	–	–	–	12,463
		17,272	**17,272**	**–**	**–**	**–**	**17,272**

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

Level 1: Valuation with prices noted on active market (used unchanged) for identical assets and liabilities.

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

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

				31/12/2016
	Level 1	Level 2	Level 3	Total
Financial assets	**1,933**	**0**	**0**	**1,933**
Securities	1,933	0	0	1,933

				31/12.2015
	Level 1	Level 2	Level 3	Total
Financial assets	**1,744**	**0**	**0**	**1,744**
Securities	1,744	0	0	1,744

Explanation of Abbreviations

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

A separate class is to be created for the position cash balance and credit balance at banks. General assignment to the carried forward procurement costs or to the finance instruments valuated at fair value is not correct, because it is shown at nominal value, whereby foreign currencies are converted at the current exchange rate. Consequently, evaluation of the cash balance and credit balance at banks is connected with a categorization according to IAS 39, which is why there are no valuations in the balance sheet according to valuation category. With respect to the borrower's note loan, the fair value does not deviated essentially from the book value, because notice of termination can be given for this semi-annually, it has a variable interest rate and is refund at nominal value

34. Contingent Liabilities

There were no contingent liabilities on 31 December 2016 as was the case on the cut-off date in the previous year.

35. Relation to Closely Affiliated Companies and Persons

Affiliated Companies

NEXUS AG is the highest ranking parent company. Insignificant transactions were conducted with the affiliated company G.I.T.S. Gesundheitswesen IT-Service GmbH, Fürstenfeldbruck, for the Group during the reporting period. Sales were made in the amount of KEUR 60 (previous year: EUR 60), and no purchases were made. There were no outstanding trade accounts receivable or trade account payables on the cut-off date as was the case in the previous year. Sales were made in the amount of KEUR 24 (previous year: KEUR 24) with the affiliated company Palladium-med GmbH, Berlin, and purchases in the amount of KEUR 0 (previous year: KEUR 11) were made. There were outstanding trade receivables in the amount of KEUR 0 on the cut-off date (previous year: KEUR 4) and there were no outstanding trade payables as in the previous year.

Affiliated Persons

Management members in key positions are only management members (Supervisory Board and Executive Board) of the Group parent company NEXUS AG. In addition to their work in the Supervisory Board, the members of the Supervisory Board provide services themselves or via companies affiliated with them for the Group and invoice them in line with customary market conditions. In 2016, the expenses for such service fees amounted to KEUR 81 (previous year: KEUR 99). There were outstanding trade accounts payables in the amount of KEUR 8 on the balance sheet cut-off date (previous year: KEUR 2). In addition, Group companies provide services to Supervisory Board members and invoice them in line with customary market conditions. In 2016, the revenues from such services amounted to KEUR 67 (previous year: KEUR 75). There were outstanding trade account receivables in the amount of KEUR 7 on the balance sheet cut-off date (previous year: KEUR 14). There are no other relations to affiliated persons requiring reporting other than the information already reported at this place and other places.

The outstanding positions at the end of the business year are not collateralized, non-interest bearing and will be paid in cash. There are no guarantees for receivables or payables in connection with affiliated companies. The Group did not adjust any values for receivables with respect to affiliated companies as of 31 December 2016 as was the case on the cut-off date of the previous year. The necessity of reporting a valuation adjustment is checked annually by checking the financial situation of the affiliated company and the market, in which it is active.

36. Organs of the Group

The following persons are members of the Supervisory Board:
+ Dr. jur. Hans-Joachim König, Singen; Chairperson
+ Prof. Dr. Ulrich Krystek, Berlin; Deputy Chairperson
+ MBA (FH) Wolfgang Dörflinger, Constance
+ Prof. Dr. Alexander Pocsay, St. Ingbert
+ Gerald Glausauer, Business Economist, Fichtenberg
+ Prof. Dr. med. Felicia M. Rosenthal, Freiburg

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

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

The total salaries of the Executive Board are as follows:

	2016	2015
Salary components	**KEUR**	**KEUR**
Non-performance-related components	663	633
a) Services due in the short term	638	638
b) Benefits after termination of employment	25	25
Performance-related components without long-term incentives	400	350
Total	**1,063**	**1,013**

The Executive Board received basic pay in the amount of KEUR 1,063 (previous year: KEUR 1,013) during the business year. This includes KEUR 25 (previous year: KEUR 25) for the pensions of the Executive Board. Stock-based compensation was agreed upon with the Executive Board members in May 2014. Dependent on the increase in company value, it is composed of max. 160,000 shares, which will become due during the term and are based on the development of stock prices between 2015 and 2017 (AOP 2015-2017).

Severance payments were not made. Based on the resolution of the general stockholders meeting of 23 May 2012, no individualized information about the salaries of Executive Board members is provided in line with Section 286 para. 5 of the German Commercial Code (HGB) for the business years 2012 until 2016.

37. Directors' Holdings

In the business year 2016, the number of stocks held by the Executive Board and the Supervisory Board changed as shown in the table below:

Supervisory Board	Number of shares held	Number of options
Dr. jur. Hans-Joachim König	89,900 Previous year (89,900)	0 Previous year (0)
Prof. Dr. Alexander Pocsay	121,500 Previous year (121,500)	0 Previous year (0)
Prof. Dr. Ulrich Krystek	0 Previous year (0)	0 Previous year (0)
Wolfgang Dörflinger (MBA)	0 Previous year (0)	0 Previous year (0)
Gerald Glasauer	0 Previous year (0)	0 Previous year (0)
Prof. Dr. med. Felicia M. Rosenthal	315 Previous year (315)	0 Previous year (0)

Executive Board	Number of shares held	Number of options
Dr. Ingo Behrendt (MBA)	111,900 Previous year (111,900)	0 Previous year (0)
Ralf Heilig (MBA)	137,650 Previous year (137,650)	0 Previous year (0)
Edgar Kuner (graduated engineer)	250,351 Previous year (250,351)	0 Previous year (0)

38. Events after the balance sheet date

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

39. Statement in line with Section 161 German Stock Corporation Law about Corporate Governance Code

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

Villingen-Schwenningen, 20. March 2017

NEXUS AG
The Executive Board

Assurance of Legal Representatives

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

Villingen-Schwenningen, 20. March 2017

NEXUS AG
The Executive Board

Audit Certificate Of the Statutory Auditor

We have audited the Group Financial Statement drawn up by the Nexus AG composed of Group Balance Sheet, Group Profit And Loss Account, Group Statement Of Comprehensive Income, Group Cash Flow Statement, Group Equity Capital Modification Account and Group Appendix as well as the Group Status Report for the business year from 1 January until 31 December 2016. The preparation of the Group Financial Statement and the Group Status Report in line with IFRS, as they are to be applied in the EU, and the supplementary commercial law regulations according to Section 315a clause 1 of the German Commercial Code are the responsibility of the Executive Board of the company. Our job is to provide an assessment of the Group Financial Statement and the Group Status Report on the basis of an audit, which we conduct.

We conducted our audit of the Group Financial Report in accordance with Section 317 of the German Commercial Code (HGB) under consideration of the German principles set by the Institute of Auditors (IDW). Accordingly, the audit should be planned and conducted in such a way that misstatements and violations, which have an essential effect on the depiction of the picture of the situation of assets, finances and revenue communicated by the Group Financial Statement under consideration of the applicable regulations and by the Group Status Report, are detected with sufficient certainty. At setting the auditing procedures, knowledge about the business operations and the economic and legal environment of the Group as well as the expectations of possible errors are considered. Within the framework of the audit, the effectiveness of the internal control system related to accounting as well as proofs from the information in the Group Financial Statement and the Group Status Report are judged mainly on the basis of spot checks. The audit includes judgment of the year-end financial statements of companies included in the Group Financial Statement, delimitation of the consolidation circle, the applied accounting and consolidation principles and the essential estimates of the Executive Board as well as an assessment of the overall depiction of the Group Financial Statement and the Group Status Report. We believe that our audit provides a sufficiently reasonable basis for our judgment.

Our audit did not find anything objectionable.

According to our judgment based on the information obtained in the audit, the Group Financial Statement and the Group Status Report are in line with IFRS, as they are to be applied in the EU, and the supplementary commercial law regulations according to Section 315a para. 1 of the German Commercial Code (HGB), and communicate a picture of the situation of the assets, finances and revenue of the Group corresponding to actual conditions. The Group Status Report is in agreement with the Group Financial Statement, complies with statutory regulations and communicates a generally accurate picture of the situation of the group and presents the chances and risks of future development correctly.

Freiburg im Breisgau, 20. March 2017

KPMG AG
Auditing Company

Brantner	Ziemann
Auditor	*Auditor*

NEXUS AG, Irmastraße 1, D-78166 Donaueschingen
Registered office: Villingen-Schwenningen
Telephone +49 771 22960-0
www.nexus-ag.de, info@nexus-ag.de